

**FREMONT COUNTY  
ST. ANTHONY, IDAHO**

**BASIC FINANCIAL STATEMENTS  
AND  
REQUIRED SUPPLEMENTAL INFORMATION  
WITH  
SUPPLEMENTAL INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDING  
SEPTEMBER 30, 2010**

**FREMONT COUNTY, IDAHO**  
**General Purpose Financial Statements**  
**For the Year Ending September 30, 2010**

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**FREMONT COUNTY, IDAHO**  
**General Purpose Financial Statements**  
**For the Year Ending September 30, 2010**

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## Independent Auditor's Report

Board of County Commissioners  
Fremont County, Idaho  
St. Anthony, Idaho 83445

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County, Idaho, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fremont County's management. Our responsibility is to express an opinion 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 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 business-type activities, each major fund, and the aggregate remaining fund information of Fremont County, Idaho, as of September 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2011 on our consideration of Fremont County'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 the 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 management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. The County has elected to not present the Management's Discussion and Analysis (MD&A), which is management's analysis of the County's financial activities based on currently known facts, decisions, or conditions. We have applied certain limited procedures to the required supplementary 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

Board of County Commissioners  
Fremont County, Idaho  
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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fremont County, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements 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 auditing procedures applied in the audit of the 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.

*Jensen Poulsen & Company, PLLC*  
JENSEN POULSEN & COMPANY, PLLC  
Certified Public Accountants

March 3, 2011  
Idaho Falls, Idaho

**BASIC FINANCIAL STATEMENTS**

**FREMONT COUNTY, IDAHO**  
**Statement of Net Assets**  
**September 30, 2010**

| <b>ASSETS</b>                                     | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| Cash and cash equivalents                         | \$ 4,207,396                       | \$ 3,313,312                        | \$ 7,520,708         |
| Investments                                       | 7,083,048                          | -                                   | 7,083,048            |
| Taxes receivable                                  | 393,626                            | -                                   | 393,626              |
| State & Federal apportionments                    | 584,814                            | -                                   | 584,814              |
| Accounts receivable                               | 339,799                            | 39,887                              | 379,686              |
| Other receivables                                 | 122,320                            | 398,552                             | 520,872              |
| Inventory - tax deeded property                   | 22,369                             | -                                   | 22,369               |
| Loan origination fees, net of amortization        | -                                  | 8,984                               | 8,984                |
| Capital assets, nondepreciable                    | 1,388,844                          | 30,000                              | 1,418,844            |
| Capital assets, net of depreciation               | 7,131,857                          | 6,907,495                           | 14,039,352           |
| Total assets                                      | <u>21,274,073</u>                  | <u>10,698,230</u>                   | <u>31,972,303</u>    |
| <br><b>LIABILITIES</b>                            |                                    |                                     |                      |
| Warrants payable                                  | \$ 603,608                         | \$ 100,798                          | \$ 704,406           |
| VEBA trust account liability                      | -                                  | -                                   | -                    |
| Accounts payable                                  | 86,301                             | 14,479                              | 100,780              |
| Accrued interest payable                          | -                                  | 10,206                              | 10,206               |
| Long term debt due or payable within one year:    |                                    |                                     |                      |
| Contracts payable                                 | 114,101                            | -                                   | 114,101              |
| Capital lease payable                             | 203,181                            | 87,554                              | 290,735              |
| Wells Fargo loan payable                          | -                                  | 5,950                               | 5,950                |
| DEQ loan payable                                  | -                                  | 37,240                              | 37,240               |
| Total current liabilities                         | <u>1,007,191</u>                   | <u>256,227</u>                      | <u>1,263,418</u>     |
| Long term debt due or payable after one year:     |                                    |                                     |                      |
| Contracts payable                                 | 383,296                            | -                                   | 383,296              |
| Capital lease payable                             | 140,484                            | 491,157                             | 631,641              |
| Wells Fargo loan payable                          | -                                  | 180,051                             | 180,051              |
| DEQ loan payable                                  | -                                  | 517,423                             | 517,423              |
| Compensated absences                              | 351,835                            | 97,899                              | 449,734              |
| Total noncurrent liabilities                      | <u>875,615</u>                     | <u>1,286,530</u>                    | <u>2,162,145</u>     |
| Total liabilities                                 | <u>1,882,806</u>                   | <u>1,542,757</u>                    | <u>3,425,563</u>     |
| <br><b>NET ASSETS</b>                             |                                    |                                     |                      |
| Investment in capital assets, net of related debt | 7,679,639                          | 5,618,120                           | 13,297,759           |
| Restricted for:                                   |                                    |                                     |                      |
| Capital projects                                  | 1,099,940                          | -                                   | 1,099,940            |
| Special revenue                                   | 5,691,817                          | -                                   | 5,691,817            |
| Unrestricted                                      | 4,919,870                          | 3,537,353                           | 8,457,223            |
| Total net assets                                  | <u>\$ 19,391,266</u>               | <u>\$ 9,155,473</u>                 | <u>\$ 28,546,738</u> |

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

**FREMONT COUNTY, IDAHO**  
**Statement of Activities**  
**For the Year Ending September 30, 2010**

| Activities:                                 | Program Revenues                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                 |
|---|---------------------------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|
|   | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Business-Type Activities | Totals          |
| <b>Governmental:</b>                        |                                       |                                    |                                  |   |                          |                 |
| General government                          | \$ 5,063,603                          | \$ 303,213                         | \$ -                             | \$ (4,102,841)                                  |                          | \$ (4,102,841)  |
| Public protection:                          |                                       |                                    |                                  |   |                          |                 |
| Road and bridge                             | 3,474,160                             | 48,643                             | -                                | (3,423,437)                                     |                          | (3,423,437)     |
| Public safety                               | 3,714,729                             | 11,859                             | 31,833                           | (3,378,882)                                     |                          | (3,378,882)     |
| Sanitation                                  | 1,398,373                             | 89,918                             | -                                | (332,659)                                       |                          | (332,659)       |
| Health                                      | 76,401                                | -                                  | -                                | (76,401)  |                          | (76,401)        |
| Social services                             | 119,322                               | -                                  | -                                | (91,573)  |                          | (91,573)        |
| Culture and recreation                      | 473,823                               | 6,000                              | 2,173                            | (465,650)                                       |                          | (465,650)       |
| Interest on long term debt                  | 46,766                                | -                                  | -                                | (46,766)  |                          | (46,766)        |
| Total governmental activities               | 14,367,178                            | 459,633                            | 34,006                           | (11,918,210)                                    |                          | (11,918,210)    |
| <b>Business -type:</b>                      |                                       |                                    |                                  |   |                          |                 |
| Golf course                                 | 98,850                                | -                                  | -                                |   | \$ (2,867)               | (2,867)         |
| Sewer systems                               | 874,609                               | -                                  | -                                |   | 601,010                  | 601,010         |
| Five County detention                       | 1,942,208                             | -                                  | 20,161                           |   | 350,915                  | 350,915         |
| Total business-type activities              | 2,915,667                             | -                                  | 20,161                           |   | 949,058                  | 949,058         |
| Total Fremont County                        | \$ 17,282,845                         | \$ 459,633                         | \$ 54,167                        | (11,918,210)                                    | \$ 949,058               | \$ (10,969,153) |
| General revenues:                           |                                       |                                    |                                  |   |                          |                 |
| Taxes:                                      |                                       |                                    |                                  |   |                          |                 |
| Property taxes, levied for general purposes |                                       |                                    |                                  | 1,860,811                                       |                          | 1,860,811       |
| Property taxes, levied for special revenue  |                                       |                                    |                                  | 4,368,503                                       |                          | 4,368,503       |
| Property taxes, levied for capital projects |                                       |                                    |                                  | 240,043   |                          | 240,043         |
| Intergovernmental revenues                  |                                       |                                    |                                  | 3,816,292                                       |                          | 3,816,292       |
| Earnings on investments                     |                                       |                                    |                                  | 854,507   |                          | 854,507         |
| Interest income                             |                                       |                                    |                                  | 81,470  | 7,832                    | 89,302          |
| Miscellaneous                               |                                       |                                    |                                  | 1,194,098                                       | 30,467                   | 1,224,565       |
| Gain or (loss) on sale of assets            |                                       |                                    |                                  | 3,733   |                          | 3,733           |
| Transfers                                   |                                       |                                    |                                  |   |                          |                 |
| Total general revenues and transfers        |                                       |                                    |                                  | 12,419,457                                      | 38,299                   | 12,457,756      |
| Change in net assets                        |                                       |                                    |                                  | 501,246   | 987,357                  | 1,488,603       |
| Net assets--beginning                       |                                       |                                    |                                  | 18,856,103                                      | 8,097,344                | 26,953,447      |
| Prior period adjustments                    |                                       |                                    |                                  | 33,917  | 70,772                   | 104,689         |
| Net assets--ending                          |                                       |                                    |                                  | \$ 19,391,266                                   | \$ 9,155,473             | \$ 28,546,739   |

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

**FREMONT COUNTY, IDAHO**  
**Balance Sheet - Governmental Funds**  
**September 30, 2010**

|  | General<br>Fund     | Road &<br>Bridge Fund | Justice<br>Fund     | Social<br>Services | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------|---------------------|--------------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>                          |                     |                       |                     |                    |                                    |                                |
| Cash and cash equivalents.....         | \$ (1,249,494)      | \$ (317,353)          | \$ 1,320,681        | \$ 265,913         | \$ 4,187,649                       | \$ 4,207,396                   |
| Investments.....                       | 5,097,814           | 496,308               | -                   | -                  | 1,488,926                          | 7,083,048                      |
| Receivables:                           |                     |                       |                     |                    |                                    |                                |
| Property taxes.....                    | 86,408              | 67,839                | 118,778             | 2,931              | 117,875                            | 393,831                        |
| State & Federal apportionments.....    | 114,777             | 351,693               | 72,083              | 2,976              | 43,285                             | 584,814                        |
| Other.....                             | 1,999               | -                     | 263                 | 260,922            | 198,728                            | 461,912                        |
| Inventory - tax decided property.....  | 22,369              | -                     | -                   | -                  | -                                  | 22,369                         |
| Total assets.....                      | <u>\$ 4,073,873</u> | <u>\$ 598,487</u>     | <u>\$ 1,511,805</u> | <u>\$ 532,742</u>  | <u>\$ 6,036,463</u>                | <u>\$ 12,753,370</u>           |
| <b>LIABILITIES AND FUND EQUITY</b>     |                     |                       |                     |                    |                                    |                                |
| Liabilities:                           |                     |                       |                     |                    |                                    |                                |
| Warrants payable.....                  | \$ 164,038          | \$ 66,194             | \$ 120,032          | \$ 1,931           | \$ 251,413                         | \$ 603,608                     |
| VEBA trust account liability.....      | -                   | -                     | -                   | -                  | -                                  | -                              |
| Accounts payable.....                  | 17,149              | 22,726                | 12,755              | -                  | 33,671                             | 86,301                         |
| Deferred revenue.....                  | 408,842             | 66,110                | 381,394             | 261,057            | 147,086                            | 1,264,489                      |
| Total liabilities.....                 | <u>590,029</u>      | <u>155,030</u>        | <u>514,181</u>      | <u>262,988</u>     | <u>432,170</u>                     | <u>1,954,397</u>               |
| Fund Equity:                           |                     |                       |                     |                    |                                    |                                |
| Reserved for:                          |                     |                       |                     |                    |                                    |                                |
| Capital projects.....                  | -                   | -                     | -                   | -                  | 1,089,809                          | 1,089,809                      |
| Special revenues.....                  | -                   | 443,457               | -                   | 269,754            | 4,514,484                          | 5,227,695                      |
| Unreserved.....                        | 3,483,844           | -                     | 997,625             | -                  | -                                  | 4,481,469                      |
| Total fund equity.....                 | <u>3,483,844</u>    | <u>443,457</u>        | <u>997,625</u>      | <u>269,754</u>     | <u>5,604,293</u>                   | <u>10,798,973</u>              |
| Total liabilities and fund equity..... | <u>\$ 4,073,873</u> | <u>\$ 598,487</u>     | <u>\$ 1,511,805</u> | <u>\$ 532,742</u>  | <u>\$ 6,036,463</u>                | <u>\$ 12,753,370</u>           |

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

**FREMONT COUNTY, IDAHO**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Assets**  
**September 30, 2010**

**Total fund balances - governmental funds** \$ 10,798,973

Total net assets reported for governmental activities in the statement of net assets is different because:

The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.

|                              |                     |           |
|------------------------------|---------------------|-----------|
| Cost of capital assets       | \$ 21,022,571       |           |
| Depreciation expense to date | <u>(12,501,871)</u> | 8,520,701 |

|  |  |           |
|--|--|-----------|
| Property taxes received that are not available to pay for current period expenditures are deferred in the funds. |  | 1,264,489 |
|--|--|-----------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

|                             |                  |                    |
|-----------------------------|------------------|--------------------|
| Contracts payable           | (497,397)        |                    |
| Capital leases              | (343,665)        |                    |
| Compensated absences        | <u>(351,835)</u> |                    |
| Total long-term liabilities |                  | <u>(1,192,897)</u> |

|  |  |                             |
|--|--|-----------------------------|
| <b>Total net assets of governmental activities</b> |  | <b>\$ <u>19,391,266</u></b> |
|--|--|-----------------------------|

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

**FREMONT COUNTY, IDAHO**  
**Statement of Revenues, Expenditures And Changes In Fund Balance**  
**Governmental Funds**

For the Year Ending September 30, 2010

| REVENUE   | General Fund | Road & Bridge Fund | Justice Fund | Social Services | Other Governmental Funds | Total Governmental Funds |
|---|--------------|--------------------|--------------|-----------------|--------------------------|--------------------------|
| Taxes.....  | \$ 2,185,129 | \$ 774,104         | \$ 2,092,929 | \$ 67,664       | \$ 1,939,245             | \$ 7,059,071             |
| Intergovernmental revenue.....  | 465,931      | 2,110,897          | 777,413      | 11,356          | 495,346                  | 3,860,943                |
| Interest.....   | 16,667       | 11,835             | 22,416       | 540             | 30,012                   | 81,470                   |
| Earnings on investments.....  | 599,486      | 247,536            | -            | -               | 7,485                    | 854,507                  |
| Licenses and permits.....   | 182,962      | 1,750              | -            | -               | 11,304                   | 196,016                  |
| Fines.....  | -            | -                  | -            | -               | 97,353                   | 97,353                   |
| Charges for services.....   | 150,578      | -                  | -            | -               | 418,926                  | 569,504                  |
| Special fees.....   | -            | -                  | -            | -               | 1,216,524                | 1,216,524                |
| Grants.....   | 905          | -                  | 11,859       | -               | 175,129                  | 187,893                  |
| Miscellaneous revenue.....  | 447,335      | 239,052            | 8,688        | 27,815          | 590,405                  | 1,313,295                |
| Total revenue.....  | 4,048,993    | 3,385,174          | 2,913,305    | 107,375         | 4,981,729                | 15,436,576               |
| <b>EXPENDITURES</b>   |              |                    |              |                 |                          |                          |
| General government.....   | 2,848,864    | -                  | -            | -               | 1,955,456                | 4,804,320                |
| Road and bridge.....  | -            | 2,676,248          | -            | -               | 397,635                  | 3,073,883                |
| Public safety.....  | 52,813       | -                  | 2,867,309    | -               | 399,180                  | 3,319,302                |
| Sanitation.....   | -            | -                  | -            | -               | 1,237,342                | 1,237,342                |
| Health.....   | -            | -                  | -            | -               | 76,401                   | 76,401                   |
| Social services.....  | -            | -                  | -            | 119,612         | -                        | 119,612                  |
| Culture and recreation.....   | -            | -                  | -            | -               | 416,748                  | 416,748                  |
| Capital outlay.....   | 113,941      | 1,038,682          | 227,994      | -               | 497,954                  | 1,878,571                |
| Total expenditures.....   | 3,015,618    | 3,714,930          | 3,095,303    | 119,612         | 4,980,716                | 14,926,179               |
| Excess of revenues over (under) expenditures.....                                 | 1,033,375    | (329,756)          | (181,998)    | (12,237)        | 1,013                    | 510,397                  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |              |                    |              |                 |                          |                          |
| Other financing sources (uses).....   | -            | -                  | -            | -               | -                        | -                        |
| Operating transfers in (out).....   | -            | -                  | 110,443      | -               | (110,443)                | -                        |
| Total other financing sources (uses).....   | -            | -                  | 110,443      | -               | (110,443)                | -                        |
| Excess of revenue and other sources over (under) expenditures and other uses..... | 1,033,375    | (329,756)          | (71,555)     | (12,237)        | (109,430)                | 510,397                  |
| Fund Balance - October 1.....   | 2,450,469    | 773,213            | 1,069,180    | 281,991         | 5,713,723                | 10,288,576               |
| Fund Balance - September 30.....  | \$ 3,483,844 | \$ 443,457         | \$ 997,625   | \$ 269,754      | \$ 5,604,293             | \$ 10,798,973            |

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

**FREMONT COUNTY, IDAHO**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ending September 30, 2010**

**Net changes in fund balances -- total governmental funds** **\$ 510,397**

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|                      |                    |         |
|----------------------|--------------------|---------|
| Capitalized assets   | \$ 2,065,821       |         |
| Depreciation expense | <u>(1,692,171)</u> | 373,650 |

Property tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the statement of activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the year.

|                         |                    |           |
|-------------------------|--------------------|-----------|
| Deferred revenue - 2010 | 1,264,489          |           |
| Deferred revenue - 2009 | <u>(1,835,878)</u> | (571,389) |

Proceeds from the issuance of long term debt is not recognized in governmental funds. In the Statement of Activities, however, issuing debt increases long term liabilities and does not affect the Statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.

|                                |                |         |
|--------------------------------|----------------|---------|
| Debt Issued:                   |                |         |
| Increases in Contracts payable | (497)          |         |
| Repayments:                    |                |         |
| Capital leases                 | 119,904        |         |
| Contracts payable              | <u>109,290</u> | 228,697 |

Sale of capital assets.

|                             |               |          |
|-----------------------------|---------------|----------|
| Cost of capital assets sold | (99,050)      |          |
| Accumulated depreciation    | <u>67,932</u> | (31,118) |

Some expenses 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.

|                             |                |                |
|-----------------------------|----------------|----------------|
| Compensated absences - 2010 | (351,835)      |                |
| Compensated absences - 2009 | <u>342,843</u> | <u>(8,992)</u> |

**Changes in net assets of governmental activities** **\$ 501,246**

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

**FREMONT COUNTY, IDAHO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2010**

|  | <b>Business-Type Activities</b> |                      |                              | <b>Totals</b>        |
|--|---------------------------------|----------------------|------------------------------|----------------------|
|  | <b>Golf Course</b>              | <b>Sewer Systems</b> | <b>Five County Detention</b> |                      |
| <b>ASSETS</b>  |                                 |                      |                              |                      |
| Cash and cash equivalents.....                       | \$ 13,553                       | \$ 2,837,013         | \$ 462,746                   | \$ 3,313,312         |
| Accounts Receivable.....                             | -                               | -                    | 39,887                       | 39,887               |
| Other Receivables.....                               | -                               | 259,001              | 139,554                      | 398,555              |
| Capital assets, nondepreciable.....                  | 30,000                          | -                    | -                            | 30,000               |
| Capital assets, net of depreciation.....             | 45,518                          | 6,427,742            | 434,235                      | 6,907,495            |
| Loan origination fees, net of amortization.....      | -                               | 8,984                | -                            | 8,984                |
| <b>Total assets.....</b>                             | <b>\$ 89,071</b>                | <b>\$ 9,532,740</b>  | <b>\$ 1,076,422</b>          | <b>\$ 10,698,233</b> |
| <b>LIABILITIES</b>                                   |                                 |                      |                              |                      |
| <b>Current Liabilities:</b>                          |                                 |                      |                              |                      |
| Warrants payable.....                                | \$ 3,929                        | \$ 63,619            | \$ 33,250                    | \$ 100,798           |
| Accounts payable.....                                | -                               | -                    | 14,479                       | 14,479               |
| Accrued interest payable.....                        | -                               | 10,206               | -                            | 10,206               |
| Capital lease payable-current.....                   | -                               | 54,748               | 32,806                       | 87,554               |
| Wells Fargo loan payable-current.....                | -                               | 5,950                | -                            | 5,950                |
| DEQ loan payable-current.....                        | -                               | 37,240               | -                            | 37,240               |
| <b>Total current liabilities.....</b>                | <b>3,929</b>                    | <b>171,763</b>       | <b>80,535</b>                | <b>256,227</b>       |
| <b>Long Term Liabilities</b>                         |                                 |                      |                              |                      |
| Capital lease.....                                   | -                               | 2,988                | 488,169                      | 491,157              |
| Wells Fargo Loan.....                                | -                               | 180,051              | -                            | 180,051              |
| DEQ loan.....  | -                               | 517,423              | -                            | 517,423              |
| Compensated absences.....                            | -                               | 30,107               | 67,792                       | 97,899               |
| <b>Total long term liabilities.....</b>              | <b>-</b>                        | <b>730,569</b>       | <b>555,961</b>               | <b>1,286,530</b>     |
| <b>Total liabilities.....</b>                        | <b>3,929</b>                    | <b>902,332</b>       | <b>636,496</b>               | <b>1,542,757</b>     |
| <b>NET ASSETS</b>                                    |                                 |                      |                              |                      |
| Invested in capital assets, net of related debt..... | 75,518                          | 5,629,342            | (86,740)                     | 5,618,120            |
| Unrestricted.....                                    | 9,622                           | 3,001,065            | 526,666                      | 3,537,353            |
| <b>Total net assets.....</b>                         | <b>\$ 85,140</b>                | <b>\$ 8,630,407</b>  | <b>\$ 439,926</b>            | <b>\$ 9,155,473</b>  |

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

**FREMONT COUNTY, IDAHO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ending September 30, 2010**

|   | <b>Business-Type Activities</b> |                      |                              | <b>Totals</b>       |
|---|---------------------------------|----------------------|------------------------------|---------------------|
|   | <b>Golf Course</b>              | <b>Sewer Systems</b> | <b>Five County Detention</b> |                     |
| <b>OPERATING REVENUE</b>                                  |                                 |                      |                              |                     |
| Charges for services:                                     |                                 |                      |                              |                     |
| Golf.....   | \$ 95,983                       | \$ -                 | \$ -                         | \$ 95,983           |
| Sewer systems.....  | -                               | 1,475,619            | -                            | 1,475,619           |
| Detention center contributions.....                       | -                               | -                    | 1,221,950                    | 1,221,950           |
| Detention center payments.....                            | -                               | -                    | 1,051,011                    | 1,051,011           |
| State grant.....  | -                               | -                    | 20,161                       | 20,161              |
| Miscellaneous.....  | 401                             | 1,441                | 28,625                       | 30,467              |
| Total operating revenue.....                              | <u>96,384</u>                   | <u>1,477,060</u>     | <u>2,321,747</u>             | <u>3,895,191</u>    |
| <b>OPERATING EXPENSES</b>                                 |                                 |                      |                              |                     |
| Labor.....  | -                               | 185,153              | 870,605                      | 1,055,758           |
| Golf pro contract.....                                    | 34,934                          | -                    | -                            | 34,934              |
| Contract labor.....                                       | 10,612                          | -                    | -                            | 10,612              |
| Advertising.....  | 225                             | -                    | -                            | 225                 |
| Repairs and supplies.....                                 | 7,400                           | 54,763               | 62,680                       | 124,843             |
| Payroll taxes.....  | -                               | 16,077               | 65,796                       | 81,873              |
| Fringe benefits.....                                      | -                               | 75,501               | 353,734                      | 429,235             |
| Utilities.....  | 9,804                           | 70,745               | 63,659                       | 144,208             |
| Depreciation.....   | 8,761                           | 255,283              | 28,761                       | 292,805             |
| Amortization.....   | -                               | 625                  | -                            | 625                 |
| Miscellaneous.....  | 26,604                          | 172,909              | 470,292                      | 669,805             |
| Total operating expenses.....                             | <u>98,340</u>                   | <u>831,056</u>       | <u>1,915,527</u>             | <u>2,844,923</u>    |
| Operating income (loss).....                              | <u>(1,956)</u>                  | <u>646,004</u>       | <u>406,221</u>               | <u>1,050,269</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                   |                                 |                      |                              |                     |
| Interest and investment revenue.....                      | -                               | 5,773                | 2,059                        | 7,832               |
| Interest expense.....                                     | (510)                           | (43,553)             | (26,681)                     | (70,744)            |
| Total nonoperating revenue (expenses).....                | <u>(510)</u>                    | <u>(37,780)</u>      | <u>(24,622)</u>              | <u>(62,912)</u>     |
| Net income (loss) before contributions and transfers..... | <u>(2,466)</u>                  | <u>608,224</u>       | <u>381,599</u>               | <u>987,357</u>      |
| Operating transfers.....                                  | -                               | -                    | -                            | -                   |
| Change in net assets.....                                 | <u>(2,466)</u>                  | <u>608,224</u>       | <u>381,599</u>               | <u>987,357</u>      |
| Total net assets--beginning.....                          | 86,132                          | 8,022,731            | (11,518)                     | 8,097,345           |
| Prior period adjustments.....                             | 1,474                           | (548)                | 69,845                       | 70,771              |
| Total net assets--ending.....                             | <u>\$ 85,140</u>                | <u>\$ 8,630,407</u>  | <u>\$ 439,926</u>            | <u>\$ 9,155,473</u> |

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

**FREMONT COUNTY, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ending September 30, 2010**

|   | Golf<br>Course   | Sewer<br>Systems    | 5-C<br>Detention<br>Center | Total               |
|---|------------------|---------------------|----------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                  |                     |                            |                     |
| Receipts from customers   | \$ 96,384        | \$ 1,477,060        | \$ 2,391,592               | \$ 3,965,036        |
| Payments to suppliers/employees   | 95,538           | 639,328             | 1,935,214                  | 2,670,080           |
| Net cash provided (used) by operating activities  | <u>846</u>       | <u>837,732</u>      | <u>456,378</u>             | <u>1,294,956</u>    |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>   |                  |                     |                            |                     |
| Operating transfers to other funds  | -                | -                   | -                          | -                   |
| Net cash provided (used) by noncapital financing activities   | <u>-</u>         | <u>-</u>            | <u>-</u>                   | <u>-</u>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                                      |                  |                     |                            |                     |
| Proceeds from debt issuance   | -                | -                   | -                          | -                   |
| Principal on debt retirement  | (4,820)          | (168,393)           | (31,255)                   | (204,468)           |
| Interest on debt retirement   | (510)            | (43,553)            | (26,681)                   | (70,744)            |
| Acquisition of capital assets   | -                | (95,915)            | (38,620)                   | (134,535)           |
| Net cash used by capital and related financing activities   | <u>(5,330)</u>   | <u>(307,861)</u>    | <u>(96,556)</u>            | <u>(409,747)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                  |                     |                            |                     |
| Interest income   | -                | 5,773               | 2,059                      | 7,832               |
| Net increase (decrease) in cash and cash equivalents  | <u>(4,484)</u>   | <u>535,644</u>      | <u>361,881</u>             | <u>893,041</u>      |
| Balance -- beginning of the year  | <u>18,037</u>    | <u>2,301,369</u>    | <u>100,865</u>             | <u>2,420,271</u>    |
| Balance -- end of the year  | <u>\$ 13,553</u> | <u>\$ 2,837,013</u> | <u>\$ 462,746</u>          | <u>\$ 3,313,312</u> |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided (used) by operating activities:</b> |                  |                     |                            |                     |
| Operating income (loss)   | \$ (1,956)       | \$ 646,004          | \$ 406,221                 | \$ 1,050,269        |
| Operating income recognized in a prior period   |                  |                     | 69,845                     | \$ 69,845           |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities:         |                  |                     |                            |                     |
| Depreciation and amortization expense   | 8,761            | 255,908             | 28,761                     | 293,430             |
| Change in assets and liabilities:   |                  |                     |                            |                     |
| Receivables, net  | -                | 18,488              | (97,979)                   | (79,491)            |
| Accounts and other payables   | (5,959)          | (82,668)            | 49,530                     | (39,097)            |
| Net cash provided (used) by operating activities  | <u>\$ 846</u>    | <u>\$ 837,732</u>   | <u>\$ 456,378</u>          | <u>\$ 1,294,956</u> |

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

**FREMONT COUNTY, IDAHO**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2010**

| <b>ASSETS</b>                       | <u>Agency Funds</u> |
|-------------------------------------|---------------------|
| Cash and cash equivalents.....      | \$ 275,035          |
| Receivables:                        |                     |
| Delinquent real property taxes..... | 441,952             |
| State & Federal apportionments..... | 40,279              |
| Total assets.....                   | <u>\$ 757,266</u>   |
| <br><b>LIABILITIES</b>              |                     |
| Warrants payable.....               | \$ 154,213          |
| Due to other taxing units.....      | 603,053             |
| Total liabilities.....              | <u>757,266</u>      |
| <br><b>NET ASSETS</b>               | <br><u>\$ -</u>     |

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

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.      REPORTING ENTITY**

Fremont County, Idaho, was incorporated March 4, 1893, under the provisions of State of Idaho House Bill 100 (by Fletcher). The County is located in the northeastern corner of Southeast Idaho and operates under the authority of a Board of Commissioners. The County provides public safety, ambulance, health and welfare, licensing, court, road and bridge, sanitation, parks and recreation, planning and zoning, public improvements, waterways, educational, and general and administrative services to residents and non-residents of the County. The County includes Island Park which has excellent recreational facilities and attracts many visitors to the County.

The County collects certain fees for services which it performs for residents and non-residents. In addition to fees, the County receives State and Federal funds to help pay for services. Any shortfall in funds for providing services is collected in the form of property taxes levied by the County. The County also acts as an agent for other governmental and quasi-governmental entities in collecting and remitting property taxes levied by these entities. The County accounts for transactions in separate funds. By using several funds the County is able to account for each type of service, activity or program for which the County receives funds. Accounting for activities by fund conforms to generally accepted accounting principles as applicable to governments.

**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 primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and 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 expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and 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, are presented as general revenues.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B.      BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued**

**Basis of Presentation, Continued**

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 general government, except those required to be accounted for in another fund.

*Road and Bridge.* This fund accounts for the operation and maintenance of the County's road and bridge infrastructure.

*Justice Fund.* This fund is responsible for activities related to law enforcement.

*Social Services.* This fund is responsible for activities related to indigent services.

The County reports the following major enterprise funds:

*5-County Detention Center.* The 5-County Detention Center is a center that is owned by Fremont, Jefferson, Clark, Teton, and Madison Counties collectively. All five counties participate in the repayment of the debt obligations. Fremont County is the current fiduciary for the center.

*Sewer Systems.* This fund accounts for the operation and maintenance of the sewer systems within the County.

The County reports the following fund types:

*Agency Funds.* These funds account for monies held on behalf of school districts, special districts, and retirement boards that use the County as a depository; property taxes collected on behalf of other governments; and surety bonds and performance deposits.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued**

**Measurement Focus, Basis of Accounting**

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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 gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**C. ASSETS, LIABILITIES, AND EQUITY**

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pooled investments are reported at fair value at September 30, 2010 based on market prices. Earnings on the pooled funds are apportioned and paid or credited to the funds based on the balance of each participating fund.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**C. ASSETS, LIABILITIES, AND EQUITY, Continued**

**Cash and Cash Equivalents**

The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits with a maturity date of three months or less. Demand deposits include certificates of deposits.

**Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Because property taxes attach as an enforceable lien after three years of delinquency, the County feels that all receivables are collectible.

**Property Tax Calendar**

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Commissioners levies property taxes as of November each year. The taxes become payable on December 20, and June 20, of the following year for real property and personal property.

Property taxes attach as an enforceable lien as of December 20 following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, 2010 are classified as deferred revenue.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired after July 1, 2001 are reported at cost or estimated historical cost. The Standards did not require that we track and maintain general infrastructure assets acquired prior to July 1, 2001 and also do not require us to retroactively restate these assets for financial reporting purposes. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|              |         |
|--------------|---------|
| Equipment    | 5 – 15  |
| Improvements | 10 – 50 |
| Buildings    | 30 – 60 |

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**C. ASSETS, LIABILITIES, AND EQUITY, Continued**

**Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Inventories**

The County has inventory of tax deeded property valued at \$22,369 as of September 30, 2010. The basis for stating inventories is at the value of the delinquent taxes owed on the properties.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. SUMMARY OF DEPOSIT AND INVESTMENT BALANCES**

Following is a reconciliation of the County's deposit and investment balances as of September 30, 2010:

|               | <b>Pooled Cash and<br/>Investments</b> | <b>Total</b>  |
|---------------|--|---------------|
| Bank deposits | \$ 7,795,743                           | \$ 7,795,743  |
| Investments   | 7,083,048                              | 7,083,048     |
| Total         | \$ 14,878,791                          | \$ 14,878,791 |

|             | <b>Government-wide<br/>Statement of Net Assets</b> | <b>Fiduciary Funds<br/>Statement of Net Assets</b> | <b>Total</b>  |
|-------------|--|--|---------------|
| Pooled cash | \$ 7,520,708                                       | \$ 275,035   | \$ 7,795,743  |
| Investments | 7,083,048  | 0  | 7,083,048     |
| Total       | \$ 14,603,756                                      | \$ 275,035   | \$ 14,878,791 |

**B. CASH DEPOSITS**

| <b>Depository Institution</b> | <b>Book<br/>Balance</b> | <b>Bank<br/>Balance</b> | <b>FDIC<br/>Insured</b> | <b>Collateral-<br/>ized</b> | <b>Uninsured</b> |
|-------------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|------------------|
| Bank of Idaho                 | \$1,092,570             | \$1,028,117             | \$250,000               | \$ 769,720                  | \$ 8,397         |
| East Id. Cr. Union (EICU)     | 36,657                  | 46,056                  | 46,056                  | 0                           | 0                |
| Petty Cash                    | 800                     | 0                       | 0                       | 0                           | 800              |
| Key Bank                      | 5,915                   | 6,186                   | 6,186                   | 0                           | 0                |
| Key Investment Services       | 6,553,283               | 6,553,283               | 250,000                 | 0                           | 6,303,283        |
| Bank of Idaho Money Market    | 11,518                  | 11,518                  | 11,518                  | 0                           | 0                |
| Bank of Idaho – CD's          | 95,000                  | 95,000                  | 95,000                  | 0                           | 0                |
| Total                         | \$7,795,743             | \$7,740,160             | \$658,760               | \$ 769,720                  | \$6,312,480      |

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**B. CASH DEPOSITS, Continued**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2010, \$6,311,680 of the government's bank balance of \$7,740,160 was exposed to custodial credit risk as can be seen in the previous table. The remaining \$800 of uninsured cash is petty cash that is held on site at Fremont County offices.

The County also maintains a checking account at the Bank of Idaho titled the VEBA Trust Account. This account is used to pay for county health insurance premiums and other health benefits. As of September 30, 2010 the book balance on this account was \$105,714. This liability has been recorded in the financial statements as the VEBA Trust account liability.

**C. INVESTMENTS**

The County's investment policy, in compliance with state statutes, authorizes the Treasurer to invest in the following:

- Revenue bonds
- Money market funds
- Mutual funds
- Time deposit accounts
- U.S. bonds/treasury bills
- General obligation bonds
- Notes, bonds, debentures under farm credit act
- Repurchase/reverse repurchase agreements
- Tax anticipation bonds/notes
- Savings accounts and certificates of deposit
- Share, savings, and deposit accounts at credit unions
- Prime bankers acceptances
- Prime commercial paper
- Bonds/debentures of U.S. corporation

As of September 30, 2010, the County has the following investments. All investments are reported at their fair market value.

| <u>Investment</u>                       | <u>Maturity</u> | <u>Fair Value</u>          |
|---|-----------------|----------------------------|
| <b>Equity Funds</b>                     |                 |                            |
| Victory Inst'l Money Market Inv. Fund   | n/a             | \$ 361                     |
| Federated Gov Ultrashort Mutual Fund    | n/a             | 1,008,195                  |
| <b>Bank Certificates of Deposits</b>    |                 |                            |
| LaSalle Bank, Callable 1/11/10          | July 11, 2018   | 151,784                    |
| Standard Federal Bank, Callable 1/11/10 | July 11, 2018   | 151,747                    |
| <b>Federal Agency Obligations</b>       |                 |                            |
| Federal Farm                            | May 7, 2019     | 619,846                    |
| Federal National Mort. Assoc            | Various         | 3,934,915                  |
| Federal Home Loan Mortgage              | Various         | 1,045,198                  |
| Federal Home Loan Bank                  | Various         | 55,601                     |
| Tennessee Valley Authority-Strips       | Various         | <u>115,401</u>             |
| <b>Total Investments</b>                |                 | <b><u>\$ 7,083,048</u></b> |

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**C. INVESTMENTS, Continued**

As of September 30, 2010 \$303,531 of the certificates of deposits were fully insured through the FDIC. All remaining investments are uninsured and uncollateralized.

Concentration Credit Risk is the risk that the County has invested more than 5% of their total investment in any one issuer. Currently, Fremont County holds the following individual issues in an amount greater than 5% of their total investments:

| <u>Individual Issuer</u>              | <u>% of Total Investment</u> |
|---------------------------------------|------------------------------|
| Federal Home Loan Bank                | 1%                           |
| Federal National Mortgage Association | 56%                          |
| Federal Home Loan Mortgage            | 15%                          |
| Federal Government Ultra Short        | 14%                          |

Credit Risk: The County's investments are rated by the two nationally recognized statistical rating organizations—Standard & Poor's and Moody's Investment Services. Investments in US Government Agencies are rated AAA and AAA, respectively.

**NOTE 3 CAPITAL ASSETS**

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

|  | <u>Beginning<br/>Balances</u> | <u>Capital<br/>Acquisitions</u> | <u>Sales or<br/>Other<br/>Dispositions</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|---------------------------------|--|----------------------------|
| <b>Governmental activities:</b>              |                               |                                 |  |                            |
| <i>Capital assets not being depreciated:</i> |                               |                                 |  |                            |
| Land   | \$ 1,127,973                  | \$ 0                            | \$ 0                                       | \$ 1,127,973               |
| Construction in progress                     | 171,129                       | 0                               | (171,129)                                  | 0                          |
| Total capital assets not being depreciated   | <u>1,299,102</u>              | <u>0</u>                        | <u>(171,129)</u>                           | <u>1,127,973</u>           |
| <i>Capital assets being depreciated:</i>     |                               |                                 |  |                            |
| Buildings                                    | 1,465,295                     | 978,429                         | 0  | 2,443,724                  |
| Equipment                                    | 12,989,757                    | 1,241,837                       | (99,050)                                   | 14,132,544                 |
| Improvements                                 | 3,301,646                     | 16,685                          | 0  | 3,318,331                  |
| Total capital assets being depreciated       | <u>17,756,698</u>             | <u>2,236,951</u>                | <u>(99,050)</u>                            | <u>19,894,599</u>          |
| Less accumulated depreciation for:           |                               |                                 |  |                            |
| Buildings                                    | 529,590                       | 89,490                          | 0  | 619,080                    |
| Equipment                                    | 7,868,130                     | 1,511,787                       | (67,932)                                   | 9,311,985                  |
| Improvements                                 | 2,479,964                     | 90,841                          | 0  | 2,570,805                  |
| Total accumulated depreciation               | <u>10,877,684</u>             | <u>1,520,840</u>                | <u>(67,932)</u>                            | <u>12,501,870</u>          |
| Total capital assets being depreciated, net  | <u>6,879,014</u>              | <u>716,111</u>                  | <u>(22,778)</u>                            | <u>7,392,729</u>           |
| Governmental activity capital assets, net    | <u>\$ 8,178,116</u>           | <u>\$ 716,111</u>               | <u>\$ (22,778)</u>                         | <u>\$ 8,520,701</u>        |

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 3 CAPITAL ASSETS, Continued**

|   | <u>Beginning<br/>Balances</u> | <u>Capital<br/>Acquisitions</u> | <u>Sales or Other<br/>Dispositions</u> | <u>Ending<br/>Balances</u> |
|---|-------------------------------|---------------------------------|--|----------------------------|
| <b>Business-type activities:</b>              |                               |                                 |  |                            |
| <i>5-County Detention:</i>                    |                               |                                 |  |                            |
| <i>Capital assets being depreciated:</i>      |                               |                                 |  |                            |
| Buildings                                     | \$ 501,623                    | \$ 0                            | \$ 0                                   | \$ 501,623                 |
| Equipment                                     | <u>76,272</u>                 | <u>38,622</u>                   | <u>0</u>                               | <u>114,894</u>             |
| Total capital assets being depreciated        | <u>577,895</u>                | <u>38,622</u>                   | <u>0</u>                               | <u>616,517</u>             |
| Less accumulated depreciation for:            |                               |                                 |  |                            |
| Buildings                                     | 103,579                       | 16,721                          | 0                                      | 120,300                    |
| Equipment                                     | <u>49,940</u>                 | <u>12,041</u>                   | <u>0</u>                               | <u>61,981</u>              |
| Total accumulated depreciation                | <u>153,519</u>                | <u>28,762</u>                   | <u>0</u>                               | <u>182,281</u>             |
| 5-County Detention capital assets, net        | <u>424,376</u>                | <u>9,858</u>                    | <u>0</u>                               | <u>434,236</u>             |
| <i>Sewer Systems:</i>                         |                               |                                 |  |                            |
| <i>Capital assets being depreciated:</i>      |                               |                                 |  |                            |
| Equipment                                     | 1,269,134                     | 95,915                          | 0                                      | 1,365,049                  |
| Improvements                                  | <u>8,494,256</u>              | <u>0</u>                        | <u>0</u>                               | <u>8,494,256</u>           |
| Total capital assets being depreciated        | <u>9,763,390</u>              | <u>95,915</u>                   | <u>0</u>                               | <u>9,859,305</u>           |
| Less accumulated depreciation for:            |                               |                                 |  |                            |
| Equipment                                     | 346,698                       | 84,583                          | 0                                      | 431,281                    |
| Improvements                                  | <u>2,829,581</u>              | <u>170,701</u>                  | <u>0</u>                               | <u>3,000,282</u>           |
| Total accumulated depreciation                | <u>3,176,279</u>              | <u>255,284</u>                  | <u>0</u>                               | <u>3,431,563</u>           |
| Sewer systems capital assets, net             | <u>6,587,111</u>              | <u>(159,369)</u>                | <u>0</u>                               | <u>6,427,742</u>           |
| <i>Amortized Assets:</i>                      |                               |                                 |  |                            |
| Bond Issuance Costs                           | <u>12,500</u>                 | <u>0</u>                        | <u>0</u>                               | <u>12,500</u>              |
| Total Amortized Assets                        | <u>12,500</u>                 | <u>0</u>                        | <u>0</u>                               | <u>12,500</u>              |
| Less accumulated amortization                 |                               |                                 |  |                            |
|   | <u>2,813</u>                  | <u>703</u>                      | <u>0</u>                               | <u>3,515</u>               |
| Sewer systems amortized assets, net           | <u>9,687</u>                  | <u>(703)</u>                    | <u>0</u>                               | <u>8,985</u>               |
| <i>Other business-type activity programs:</i> |                               |                                 |  |                            |
| Land  | 30,000                        | 0                               | 0                                      | 30,000                     |
| <i>Capital assets being depreciated:</i>      |                               |                                 |  |                            |
| Buildings                                     | 44,698                        | 0                               | 0                                      | 44,698                     |
| Equipment                                     | 96,425                        | 0                               | 0                                      | 96,425                     |
| Improvements                                  | <u>89,812</u>                 | <u>0</u>                        | <u>0</u>                               | <u>89,812</u>              |
| Total capital assets being depreciated        | <u>230,935</u>                | <u>0</u>                        | <u>0</u>                               | <u>230,935</u>             |
| Less accumulated depreciation for:            |                               |                                 |  |                            |
| Buildings                                     | 39,631                        | 1,490                           | 0                                      | 41,120                     |
| Equipment                                     | 73,964                        | 4,307                           | 0                                      | 78,271                     |
| Improvements                                  | <u>63,064</u>                 | <u>2,964</u>                    | <u>0</u>                               | <u>66,028</u>              |
| Total accumulated depreciation                | <u>176,659</u>                | <u>8,761</u>                    | <u>0</u>                               | <u>185,419</u>             |
| Total capital assets being depreciated, net   | <u>54,276</u>                 | <u>8,124</u>                    | <u>0</u>                               | <u>45,516</u>              |
| Other enterprise funds capital assets, net    | <u>84,276</u>                 | <u>8,124</u>                    | <u>0</u>                               | <u>75,516</u>              |
| Business-type activities capital assets, net  | <u>\$ 7,105,451</u>           | <u>\$ (48,226)</u>              | <u>0</u>                               | <u>\$ 6,946,479</u>        |

Depreciation expense was charged to functions as follows:

General government:

|                           |                     |
|---------------------------|---------------------|
| Road & Bridge             | \$ 836,011          |
| Public Safety             | 338,651             |
| Sanitation                | 238,863             |
| Culture & Recreation      | 44,395              |
| Other                     | <u>234,251</u>      |
| Total                     | <u>\$ 1,692,171</u> |
| 5-County Detention Center | 28,761              |
| Sewer Systems             | 255,283             |
| Golf Course               | <u>8,761</u>        |
| Total                     | <u>\$ 1,984,976</u> |

Amortization expense was charged to the Last Chance Line Extension in the amount of \$730.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 4 INTERFUND TRANSACTIONS**

**A. INTERFUND RECEIVABLES/PAYABLES**

The County had no interfund receivables and payables at September 30, 2010.

The negative cash balances being reported in the General Fund, Road & Bridge Fund, and in the Landfill Financial Assurance Fund are not being reported as interfund receivables and payables because the funds have sufficient cash in their investment accounts to cover the negative cash balances so they are not using the resources of other funds.

**B. INTERFUND TRANSFERS**

Interfund operating transfers at September 30, 2010, consist of the following:

|                   | <u>Transfers To</u> | <u>Transfers From</u> |
|-------------------|---------------------|-----------------------|
| Justice Fund      | 0                   | 110,443               |
| Sanitary Landfill | 2,402               | 0                     |
| Waterways         | 9,354               | 0                     |
| Auditor's Trust   | 98,687              | 0                     |

All transfers between funds were made to cover general operations.

**NOTE 5 COMMITMENTS AND CONTINGENCIES**

**Litigation:**

As of the date of this report, Fremont County is involved in several legal suits. However, none of these suits would require disclosure under SFAS No. 5. According to the County attorney, a determination on the outcome either cannot be assessed or the chance of an unfavorable outcome is remote. Furthermore, the insurance liability limits would cover any potential losses.

**NOTE 6 RISK MANAGEMENT**

The county is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers compensation, i.e. employee

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 6 RISK MANAGEMENT, Continued**

injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employees torts and professional liabilities. Settled claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

**NOTE 7 LONG-TERM OBLIGATIONS**

Lease agreements entered into by the County must contain fiscal funding clauses to comply with State statutes. These clauses allow the Board of Commissioners to terminate the lease in any fiscal year in which the payment is not budgeted. The debt for leases is reported in the long term debt account group because it is the County's intention to extend the leases beyond the current fiscal year. The County has entered into the following capital lease and loan agreements:

1. A lease purchase agreement through Wells Fargo Equipment Finance, Inc. for the purchase of the Five County Juvenile Detention Center. The lease agreement calls for annual payments of \$39,013 including interest at 4.350% per annum, commencing July 15, 2003. The original agreement was set up to reset interest rates every five years. The new rate was set at 5.63% which went into effect July 15, 2007. On January 30, 2008 the Center was refinanced for a set rate of 4.90%. The cost to refinance was in the amount of \$171,009. The lease is secured by the building. The principal balance at September 30, 2010 was \$520,975.
2. Department of Energy and Water Quality loan dated December 1, 2000, in the amount of \$1,200,000. The loan payments are due in annual installments of \$69,087 through December 1, 2018, bearing an interest rate of 4.5%. The loan payable balance at September 30, 2010 totaled \$173,403. The County made the regular annual payment plus a prepayment of \$47,000 on December 1, 2007. After re-amortization the required annual installment is \$31,938. The County made the regular annual payment plus an additional principal payment of \$34,000.
3. A loan agreement with the Department of Health and Welfare Water Quality Loan System for the snow fluent project at Last Chance was entered into during the fiscal year 2004. The terms of the loan call for annual payments of \$52,472 for 20 years commencing August 1, 2005 including interest at 3.75% annum. The balance of the loan at September 30, 2010 was \$381,260. The County made the regular annual payment plus an additional principal payment of \$28,000.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 7      LONG-TERM OBLIGATIONS, Continued**

4.      A lease purchase agreement was entered into with Wells Fargo Equipment Finance, Inc. for the purchase of a Caterpillar Wheeler Loader. The lease agreement calls for annual payments, five in the amount of \$22,561 and a balloon payment of \$108,000 in the sixth year commencing on January 23, 2006 including interest at 5.15% per annum. The principal balance of the lease at September 30, 2010 was \$102,710.
5.      A loan was entered into with the Bank of Idaho for the construction of a snowmobile building. The loan is to be refinanced each year on September 15 until it is paid off. The current terms call for an interest rate of 5.17%. The balance of the loan at September 30, 2010 was \$50,493.
6.      A loan was entered into with the Bank of Idaho for the purchase of a 2006 International Dump Truck. The loan matures in September 2011 and is due in monthly payments of \$1,641 including interest at 5.43% commencing October 25, 2007. The principal balance of the loan at September 30, 2010 is \$20,465.
7.      A lease purchase agreement was entered into with Old National Bank Leasing for the purchase of a 2006 Vacon Sewer Truck. The lease agreement calls for five annual payments in the amount of \$60,886 commencing on July 1, 2007 including interest at 5.457%. The principal balance of the lease at September 30, 2010 was \$57,739.
8.      A loan was entered into with John Deere Credit for the purchase of a John Deere 3225B Fairway Mower. The terms of the loan called for a down payment of \$5,000 followed by three annual payments of \$5,332.20 commencing on December 10, 2007. The mower was paid in full in December 2009.
9.      During the 2006 fiscal year, Fremont County issued \$322,867 of Local Improvement District ( L.I.D.) # 2004-1 bonds to help fund the construction of the wastewater collection facilities for the extension of collection lines in the Last Chance service area. The bond is payable in annual installments of principal and interest, at 5.85%, in varying amounts. Installments are due beginning on March 15, 2006 and continue for twenty years. Bonds outstanding at September 30, 2010 were \$186,001. In addition to their regular annual payment, the County made an additional principal payment of \$17,000.
10.     A lease purchase agreement with GMAC Financial Services for the purchase of two Chevrolet Tahoe's in the amount of \$63,744. The lease agreement calls for monthly payments in the amount of \$1,515 including interest at 6.6% per month commencing on October 31, 2005 and maturing on December 31, 2009. The two vehicles were paid for in full in December 2009 and the county subsequently received title to the vehicles.
11.     A lease purchase agreement with Wells Fargo Equipment Finance, Inc. for the purchase of 2005 Volvo G720B Motor Grader in the amount of \$179,877. The lease agreement calls for five annual payments of \$39,064 including interest at 5.05% per annum commencing November 29, 2005. The principal balance of the loan at September 30, 2010 is \$62,264.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 7      LONG-TERM OBLIGATIONS, Continued**

12.    A lease purchase agreement with GMAC for the purchase of a 2007 Chevy Silverado in the amount of \$30,300. The lease agreement calls for monthly payments of \$731 including interest at 7.35% per month commencing October 25, 2006 and maturing on September 25, 2010. The loan was paid in full as of September 30, 2010.
13.    A lease purchase agreement with Ikon Office Solutions, Inc. for the purchase of a copier in the amount of \$18,139. The lease agreement calls for monthly payments of \$543.63 including interest at 5.294% per month commencing January 24, 2008 and maturing on December 24, 2010. The principal balance at September 30, 2010 was \$0. The loan was paid off early by the county.
14.    A loan was entered into with the Bank of Idaho for the purchase of two 2008 Caterpillar Model 140M Graders. The loan is to be refinanced each year on January 18 until it is paid off. The current terms call for an interest rate of 4.810%. The loan is secured by the graders. The balance of the loan at September 30, 2010 was \$178,841.
15.    A loan was entered into with Summit National Bank, on November 24, 2009, for the purchase of a Caterpillar D6 2008 Dozer. The current terms of the loan call for annual payments of \$27,633 due annually on the 24<sup>th</sup> of November and maturing on the 24<sup>th</sup> November, 2018. The interest rate on the loan is 5.25%. The balance of the loan at September 30, 2010 was \$188,382.
16.    A loan was entered into with the Bank of Idaho, on January 26, 2009, for the purchase of a Case Wheelloader. The current terms of the loan require monthly payments of \$3,205.59 due on the 23<sup>rd</sup> of each month with a maturity on the 23<sup>rd</sup> January, 2010. The County intends to renew the loan at the date of maturity. The interest rate on the loan is 4.550%. The balance of the loan at September 30, 2010 was \$116,608.
17.    A loan was entered into with the Bank of Idaho, on November 20, 2009, for the purchase of a Chipsealer. The current terms of the loan require monthly payments of \$2,663.76 due on the 20<sup>th</sup> of each month. A down payment of \$59,000 was made at the beginning of the loan. The loan matures on the 20<sup>th</sup> of November, 2010. The County intends to renew the loan at the date of maturity. The interest rate on the loan is 4.390%. The balance on the loan at September 30, 2010 was \$121,300. The loan is collateralized by the Chipsealer.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 7      LONG-TERM OBLIGATIONS, Continued**

**A.      CAPITAL LEASES**

The County leases buildings and equipment with a historical cost of \$1,629,888 under capital lease arrangements. Future minimum lease payments at September 30, 2010 are as follows:

| <u>Fiscal Year Ending September 30,</u> |    |                |
|---|----|----------------|
| 2011                                    | \$ | 290,735        |
| 2012                                    |    | 142,992        |
| 2013                                    |    | 71,209         |
| 2014                                    |    | 37,934         |
| 2015                                    |    | 39,816         |
| 2016-2020                               |    | 242,179        |
| 2021-2025                               |    | <u>97,511</u>  |
| Total minimum lease payments            | \$ | <u>922,376</u> |

**B.      DEBT SERVICE REQUIREMENTS**

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

| <u>Year Ending<br/>September 30</u> | <u>Governmental<br/>Activities<br/>Bonds and Notes</u> | <u>Business-type<br/>Activities<br/>Bonds and Notes</u> |
|-------------------------------------|--|---|
| 2011                                | \$ 114,101   | \$ 43,190   |
| 2012                                | 166,303  | 45,707  |
| 2013                                | 75,371   | 47,286  |
| 2014                                | 29,868   | 49,929  |
| 2015                                | 21,777   | 52,640  |
| 2016-2020                           | 89,977   | 283,231   |
| 2021-2025                           | <u>0</u>   | <u>218,681</u>  |
| Total                               | <u>\$ 497,397</u>                                      | <u>\$ 740,664</u>                                       |

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 7 LONG-TERM OBLIGATIONS, Continued**

**C. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the year ended September 30, 2010, are as follows:  
 (Items notated with a "CL" are capital leases)

|                                   | <u>October 1,</u><br><u>2009</u> | <u>Increases</u> | <u>Decreases</u>  | <u>September 30,</u><br><u>2010</u> |
|-----------------------------------|----------------------------------|------------------|-------------------|-------------------------------------|
| <b>Governmental activities:</b>   |                                  |                  |                   |                                     |
| Caterpillar Loader – CL           | 119,135                          | 0                | 16,425            | 102,710                             |
| Caterpillar D6 2008 Dozer         | 216,611                          | 0                | 28,229            | 188,382                             |
| Case Wheelloader                  | 128,191                          | 11,259           | 22,842            | 116,608                             |
| Chipsealer                        | 159,000                          | 0                | 37,700            | 121,300                             |
| Snowmobile Building               | 65,019                           | 0                | 14,526            | 50,493                              |
| 2 - 2006 Chevy Tahoe's – CL       | 5,976                            | 0                | 5,976             | 0                                   |
| 2007 Chevy Silverado – CL         | 8,427                            | 0                | 8,427             | 0                                   |
| Volvo Grader – CL                 | 83,599                           | 150              | 21,485            | 62,264                              |
| International Truck – CL          | 38,380                           | 0                | 17,916            | 20,465                              |
| IKON Copier – CL                  | 7,874                            | 0                | 7,874             | 0                                   |
| 2 - Caterpillar Graders – CL      | 252,961                          | 0                | 74,120            | 178,841                             |
| Compensated absences              | 342,843                          | 8,992            | 0                 | 351,835                             |
|                                   | <u>\$ 1,428,017</u>              | <u>\$ 20,401</u> | <u>\$ 255,520</u> | <u>\$ 1,192,898</u>                 |
| <b>Business-type activities:</b>  |                                  |                  |                   |                                     |
| <b>5-County Detention Center:</b> |                                  |                  |                   |                                     |
| 5-County Deten. Center - CL       | \$ 552,231                       | \$ 0             | \$ 31,256         | \$ 520,975                          |
| Compensated absences              | 57,148                           | 10,644           | 0                 | 67,792                              |
| <b>Sewer Systems:</b>             |                                  |                  |                   |                                     |
| 2006 Vacon Sewer Truck            | 112,487                          | 0                | 54,748            | 57,739                              |
| Compensated absences              | 57,420                           | 0                | 27,313            | 30,107                              |
| <b>Other enterprise funds:</b>    |                                  |                  |                   |                                     |
| LID #1 Macks Inn                  | 218,622                          | 470              | 45,689            | 173,403                             |
| LID #2 Snow fluent                | 429,087                          | 0                | 47,827            | 381,260                             |
| LID #3 Last Chance Extension      | 206,130                          | 0                | 20,129            | 186,001                             |
| Golf Course – CL                  | 6,297                            | 0                | 6,297             | 0                                   |
|                                   | <u>\$ 1,639,422</u>              | <u>\$ 11,114</u> | <u>\$ 233,259</u> | <u>\$ 1,417,277</u>                 |

In the calculation of compensated absences, we felt that it would be too cost prohibitive to determine the actual additions and deletions during the year due to the restrictive policies regarding payout upon termination, therefore we have adjusted the balance to actual at the end of the year.

**D. COMPENSATED ABSENCES**

Accumulated sick, personal, vacation and compensatory leave time is accrued for all eligible employees based on length of employment and rate of compensation. The County's policy will allow payment of accumulated compensated absences upon termination up to the following maximum accumulated hours in each category:

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 7      LONG-TERM OBLIGATIONS, Continued**

|                       |                      |
|-----------------------|----------------------|
| Sick leave            | 120 hours            |
| Personal leave        | 240 hours            |
| Vacation leave        | 240 hours            |
| Compensatory time off | 100% of accumulation |

**NOTE 8      RELATED PARTY TRANSACTIONS**

The County has not entered into any related party transactions as of September 30, 2010.

**NOTE 9      PENSION PLAN – EMPLOYER REPORTING**

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho (PERSI), 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. Financial reports for the plan are available from PERSI upon request.

After 5 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.

The contribution requirements of Fremont County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2010, the required contribution rate as a percentage of covered payroll 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 10.74% for police/firefighter members. Fremont County contributions required and paid were \$569,135, \$537,277 and \$518,079 for the three years ended September 30, 2010, 2009, and 2008 respectively.

**NOTE 10     DEFICIT FUND BALANCE**

No funds reported deficit fund balances at September 30, 2010.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 11 FINANCIAL SELF-INSURANCE AGAINST LANDFILL CLOSURE AND POST CLOSURE COSTS**

**St. Anthony and Island Park landfill:**

In accordance with provisions of the Resource Conservation and Recovery Act (RCRA) Subtitle D, Fremont County elects to use its financial strength to self-insure against the estimated costs of its St. Anthony and Island Park landfill closure, post-closure and corrective action obligators.

All required components of the financial test are met and, as of this date, Fremont County qualifies for the self-insure provision of the law. Results of the financial demonstration are as follows:

1. Ratio of Cash to Expenditures: (Exceeds 5%)

|                                   |               |   |        |
|-----------------------------------|---------------|---|--------|
| <u>Cash/Marketable Securities</u> | \$ 14,603,756 | = | 93.93% |
| Total Annual Expenditures         | \$ 15,546,831 |   |        |

2. Debt Service Ratio: (Does not exceed 20%)

|                                  |              |   |       |
|----------------------------------|--------------|---|-------|
| <u>Debt Service Expenditures</u> | \$ 433,665   | = | 2.79% |
| Total Expenditures               | \$15,546,831 |   |       |

3. The County has not operated at a deficit in either of the past two years.
4. The ratio of total estimated closure/post-closures and corrective action costs to total revenue (as defined in the law) does not exceed 43%.

|                      |                         |                       |
|----------------------|-------------------------|-----------------------|
| <u>Total Revenue</u> | <u>Maximum Coverage</u> | <u>Estimated Cost</u> |
| \$19,339,599 x .43 = | \$8,316,028             | \$ 1,654,496          |

The total estimated cost of closure, post-closure and corrective actions includes the estimated cost of \$1,654,496 to cap and seed the existing cell, and an annual cost of maintaining and monitoring the cell of \$16,600 for each of 30 years following closure. The original estimated cost of \$1,224,590 has been adjusted for inflation to more accurately portray the estimated costs as of September 30, 2010. The original costs were estimated in 1998. There are no guaranteed facilities, under ground petroleum storage tanks, RCRA hazardous waste facilities, PCB storage facilities, or underground injection control wells associated with the landfill. All environmental obligations incurred with closing the landfill are included in the estimated cost. Estimates were provided in an engineering study performed by MS&E, Inc.

The County's fifteen year approved plan was signed on May 20, 1998. It is estimated at the end of September 30, 2010 the St. Anthony landfill was still only one third used and the Island Park landfill was still roughly three fourths used. It was also estimated that the St. Anthony landfill has at least 20 years left on its life and the Island Park landfill has at least 7 or 8 years left on its life.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 11 FINANCIAL SELF-INSURANCE AGAINST LANDFILL CLOSURE AND POST CLOSURE COSTS, Continued**

The requirement for public notice is met with publication of the Fremont County General Purpose Financial statements (attached) which were prepared by our independent auditor in accordance with generally accepted accounting principles and contains the auditor's opinion on the financial statements.

**Island Park landfill:**

In accordance with provisions of the Resource conservation and Recovery Act (RCRA) Subtitle D, Fremont County elects to use its financial strength to self-insure against estimated costs of its Island Park landfill closure, post-closure and corrective action obligators.

All required components of the financial test are met and, of this date, Fremont County qualifies for the self-insurance provision of the law. Results of the financial demonstration are as follows:

1. Ratio of Cash to Expenditures: (Exceeds 5%)

|                                   |               |   |        |
|-----------------------------------|---------------|---|--------|
| <u>Cash/Marketable Securities</u> | \$ 14,603,756 | = | 93.93% |
| Total Annual Expenditures         | \$ 15,546,831 |   |        |

2. Debt Service Ratio: (Does not exceed 20%)

|                                  |              |   |       |
|----------------------------------|--------------|---|-------|
| <u>Debt Service Expenditures</u> | \$ 433,665   | = | 2.79% |
| Total Expenditures               | \$15,546,831 |   |       |

3. The County has not operated at a deficit in either of the past two years.
4. The ratio of total estimated closure/post-closures and corrective action costs to total revenue (as defined in the law) does not exceed 43%.

|                      |   |                         |   |                       |
|----------------------|---|-------------------------|---|-----------------------|
| <u>Total Revenue</u> | = | <u>Maximum Coverage</u> | = | <u>Estimated Cost</u> |
| \$19,339,599 x .43   |   | \$8,316,028             |   | \$738,490             |

The total estimated cost of closure, post-closure and corrective actions includes the estimated cost of \$738,490 to cap and seed the existing cell, and an annual cost of maintaining and monitoring the cell of \$8,300 for each of 30 years following closure. The original estimated cost of \$546,600 has been adjusted for inflation to more accurately portray the estimated costs as of September 30, 2010. The original costs were estimated in 1998. There are no guaranteed facilities, under ground petroleum storage tanks, RCRA hazardous waste facilities, PCB storage facilities, or underground injection control wells associated with the landfill. All environmental obligations incurred with closing the landfill are included in the estimated cost. Estimates were provided in an engineering study performed by MS&E, Inc.

The County's fifteen year approved plan was signed on May 20, 1998. It is estimated at the end of September 30, 2009 the Island Park landfill was still roughly three fourths used. It was also estimated that the landfill still had at least 7 or 8 years left on its life.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 11 FINANCIAL SELF-INSURANCE AGAINST LANDFILL CLOSURE AND POST CLOSURE COSTS, Continued**

**Island Park landfill, continued:**

The requirement for public notice is met with publication of the Fremont County General Purpose Financial statements (attached) which were prepared by our independent auditor in accordance with generally accepted accounting principles and contains the auditor's opinion on the financial statements.

**St. Anthony landfill:**

In accordance with provisions of the Resource conservation and Recovery Act (RCRA) Subtitle D, Fremont County elects to use its financial strength to self-insure against estimated costs of its St. Anthony landfill closure, post-closure and corrective action obligators.

All required components of the financial test are met and, of this date, Fremont County qualifies for the self-insurance provision of the law. Results of the financial demonstration are as follows:

1. Ratio of Cash to Expenditures: (Exceeds 5%)

|                                   |               |   |        |
|-----------------------------------|---------------|---|--------|
| <u>Cash/Marketable Securities</u> | \$ 14,603,756 | = | 93.93% |
| Total Annual Expenditures         | \$ 15,546,831 |   |        |

2. Debt Service Ratio: (Does not exceed 20%)

|                                  |              |   |       |
|----------------------------------|--------------|---|-------|
| <u>Debt Service Expenditures</u> | \$ 433,665   | = | 2.79% |
| Total Expenditures               | \$15,546,831 |   |       |

3. The County has not operated at a deficit in either of the past two years.
4. The ratio of total estimated closure/post-closures and corrective action costs to total revenue (as defined in the law) does not exceed 43%.

|                      |                         |                       |
|----------------------|-------------------------|-----------------------|
| <u>Total Revenue</u> | <u>Maximum Coverage</u> | <u>Estimated Cost</u> |
| \$19,339,599 x .43 = | \$8,316,028             | \$738,490             |

The total estimated cost of closure, post-closure and corrective actions includes the estimated cost of \$738,490 to cap and seed the existing cell, and an annual cost of maintaining and monitoring the cell of \$8,300 for each of 30 years following closure. The original estimated cost of \$546,600 has been adjusted for inflation to more accurately portray the estimated costs as of September 30, 2010. The original costs were estimated in 1998. There are no guaranteed facilities, underground petroleum storage tanks, RCRA hazardous waste facilities, PCB storage facilities, or underground injection control wells associated with the landfill. All environmental obligations incurred with closing the landfill are included in the estimated cost. Estimates were provided in an engineering study performed by MS&E, Inc.

The County's fifteen year approved plan was signed on May 20, 1998. It is estimated at the end of September 30, 2010 the St. Anthony landfill was still only one third used. It was also estimated that the landfill has at least 20 years left on its life.

**FREMONT COUNTY, IDAHO**  
**Notes To Financial Statements**  
**For the Year Ending September 30, 2010**

**NOTE 11 FINANCIAL SELF-INSURANCE AGAINST LANDFILL CLOSURE AND POST CLOSURE COSTS, Continued**

**St. Anthony landfill, continued:**

The requirement for public notice is met with publication of the Fremont County General Purpose Financial statements (attached) which were prepared by our independent auditor in accordance with generally accepted accounting principles and contains the auditor's opinion on the financial statements.

**NOTE 12 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Fremont County exceeded the budgeted expenditures for the year ended September 30, 2010 in the following funds:

| <u>Fund</u>          | <u>Budget</u> | <u>Actual</u> | <u>Difference</u> |
|----------------------|---------------|---------------|-------------------|
| Fair, County & State | 86,250        | 95,036        | 8,786             |
| Veterans Memorial    | 10,712        | 11,562        | 850               |
| Noxious Weeds        | 216,018       | 226,554       | 10,536            |
| Sewer:               |               |               |                   |
| Macks Inn Sewer      | 0             | 66,637        | 66,637            |
| Aspen Ridge Sewer    | 0             | 27,809        | 27,809            |
| Last Chance Sewer    | 0             | 26,775        | 26,775            |

**NOTE 13 SUBSEQUENT EVENTS**

As of the date of this report, there were no subsequent events.

**NOTE 14 PRIOR PERIOD ADJUSTMENT**

The County had prior period adjustments in the amount of \$ 33,917 in the governmental funds and \$70,772 in the proprietary funds related to contracts payable, accounts receivable, and revenue that was not recorded correctly in 2009.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY, IDAHO**  
**Budget to Actual Comparison Schedule**  
**General Fund**  
**For the Year Ending September 30, 2010**

|  | Original<br>Budget | Final<br>Budget     | Actual<br>Amount    | Variance with<br>Final Budget<br>Positive (Negative) |
|--|--------------------|---------------------|---------------------|--|
| <b>REVENUE</b>   |                    |                     |                     |  |
| Taxes.....   | \$ 725,713         | \$ 725,713          | \$ 2,185,129        | \$ 1,459,416   |
| Intergovernmental revenue.....   | 459,224            | 459,224             | 465,931             | 6,707  |
| Interest.....  | -                  | -                   | 16,667              | 16,667   |
| Earnings on investments.....   | 82,500             | 82,500              | 599,486             | 516,986  |
| Licenses and permits.....  | 172,200            | 172,200             | 182,962             | 10,762   |
| Charges for services.....  | 138,370            | 138,370             | 150,578             | 12,208   |
| Grants.....  | 12,700             | 12,700              | 905                 | (11,795)   |
| Miscellaneous revenue.....   | 572,238            | 572,238             | 447,335             | (124,903)  |
| Total revenue.....   | <u>2,162,945</u>   | <u>2,162,945</u>    | <u>4,048,993</u>    | <u>1,886,048</u>                                     |
| <b>EXPENDITURES</b>  |                    |                     |                     |  |
| Current:   |                    |                     |                     |  |
| General government.....  | 3,988,810          | 4,227,261           | 2,848,864           | 1,378,397  |
| Public safety.....   | 62,225             | 62,225              | 52,813              | 9,412  |
| Capital outlay.....  | 616,392            | 616,392             | 113,941             | 502,451  |
| Total expenditures.....  | <u>4,667,427</u>   | <u>4,905,878</u>    | <u>3,015,618</u>    | <u>1,890,260</u>                                     |
| Excess of revenues over (under)<br>expenditures.....                                 | (2,504,482)        | (2,742,933)         | 1,033,375           | 3,776,308  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                    |                     |                     |  |
| Other financing sources (uses).....  | -                  | -                   | -                   | -  |
| Operating transfers in (out) .....   | -                  | -                   | -                   | -  |
| Total other financing sources (uses).....  | <u>-</u>           | <u>-</u>            | <u>-</u>            | <u>-</u>   |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | (2,504,482)        | (2,742,933)         | 1,033,375           | 3,776,308  |
| Fund Balance-October 1.....  | <u>2,450,469</u>   | <u>2,450,469</u>    | <u>2,450,469</u>    | <u>-</u>   |
| Fund Balance-September 30.....   | <u>\$ (54,013)</u> | <u>\$ (292,464)</u> | <u>\$ 3,483,844</u> | <u>\$ 3,776,308</u>                                  |

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

**FREMONT COUNTY, IDAHO**  
**Budget to Actual Comparison Schedule**  
**Social Services**  
**For the Year Ending September 30, 2010**

|  | Original<br>Budget | Actual<br>Amount  | Variance with<br>Final Budget<br>Positive (Negative) |
|--|--------------------|-------------------|--|
| <b>REVENUE</b>   |                    |                   |  |
| Taxes.....   | \$ -               | \$ 67,664         | \$ 67,664  |
| Intergovernmental revenue.....   | 10,410             | 11,356            | 946  |
| Interest.....  | -                  | 540               | 540  |
| Miscellaneous revenue.....   | 30,000             | 27,815            | (2,185)  |
| Total revenue.....   | <u>40,410</u>      | <u>107,375</u>    | <u>66,965</u>  |
| <b>EXPENDITURES</b>  |                    |                   |  |
| Current:   |                    |                   |  |
| Social services.....   | 279,074            | 119,612           | 159,462  |
| Capital outlay.....  | 3,500              | -                 | 3,500  |
| Total expenditures.....  | <u>282,574</u>     | <u>119,612</u>    | <u>162,962</u>                                       |
| Excess of revenues over (under)<br>expenditures.....                                 | (242,164)          | (12,237)          | 229,927  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                    |                   |  |
| Operating transfers in (out) .....   | -                  | -                 | -  |
| Total other financing sources (uses).....  | <u>-</u>           | <u>-</u>          | <u>-</u>   |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | (242,164)          | (12,237)          | 229,927  |
| Fund Balance-October 1.....  | <u>281,991</u>     | <u>281,991</u>    | <u>-</u>   |
| Fund Balance-September 30.....   | <u>\$ 39,827</u>   | <u>\$ 269,754</u> | <u>\$ 229,927</u>                                    |

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

**FREMONT COUNTY, IDAHO**  
**Budget to Actual Comparison Schedule**  
**Road and Bridge**  
**For the Year Ending September 30, 2010**

|  | Original<br>Budget  | Final<br>Budget     | Actual<br>Amount  | Variance with<br>Final Budget<br>Positive (Negative) |
|--|---------------------|---------------------|-------------------|--|
| <b>REVENUE</b>   |                     |                     |                   |  |
| Taxes.....   | \$ 18,000           | \$ 18,000           | \$ 774,104        | \$ 756,104   |
| Intergovernmental revenue.....   | 2,100,975           | 2,100,975           | 2,110,897         | 9,922  |
| Interest.....  | -                   | -                   | 11,835            | 11,835   |
| Earnings on investments.....   | 150,000             | 150,000             | 247,536           | 97,536   |
| Licenses and permits.....  | 2,000               | 2,000               | 1,750             | (250)  |
| Miscellaneous revenue.....   | 174,626             | 174,626             | 239,052           | 64,426   |
| Total revenue.....   | <u>2,445,601</u>    | <u>2,445,601</u>    | <u>3,385,174</u>  | <u>939,573</u>                                       |
| <b>EXPENDITURES</b>  |                     |                     |                   |  |
| Current:   |                     |                     |                   |  |
| Road and bridge.....   | 2,834,516           | 2,886,019           | 2,676,248         | 209,771  |
| Capital outlay.....  | 1,105,800           | 1,130,800           | 1,038,682         | 92,118   |
| Total expenditures.....  | <u>3,940,316</u>    | <u>4,016,819</u>    | <u>3,714,930</u>  | <u>301,889</u>                                       |
| Excess of revenues over (under)<br>expenditures.....                                 | (1,494,715)         | (1,571,218)         | (329,756)         | 1,241,462  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                     |                   |  |
| Interim financing .....  | -                   | -                   | -                 | -  |
| Operating transfers in (out) .....   | -                   | -                   | -                 | -  |
| Total other financing sources (uses).....  | <u>-</u>            | <u>-</u>            | <u>-</u>          | <u>-</u>   |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | (1,494,715)         | (1,571,218)         | (329,756)         | 1,241,462  |
| Fund Balance-October 1.....  | <u>773,213</u>      | <u>773,213</u>      | <u>773,213</u>    | <u>-</u>   |
| Fund Balance-September 30.....   | <u>\$ (721,502)</u> | <u>\$ (798,005)</u> | <u>\$ 443,457</u> | <u>\$ 1,241,462</u>                                  |

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

**FREMONT COUNTY, IDAHO**  
**Budget to Actual Comparison Schedule**  
**Justice**  
**For the Year Ending September 30, 2010**

|  | Original<br>Budget    | Final<br>Budget       | Actual<br>Amount  | Variance with<br>Final Budget<br>Positive (Negative) |
|--|-----------------------|-----------------------|-------------------|--|
| <b>REVENUE</b>   |                       |                       |                   |  |
| Taxes.....   | \$ 501,346            | \$ 501,346            | \$ 2,092,929      | \$ 1,591,583   |
| Intergovernmental revenue.....   | 657,014               | 657,014               | 777,413           | 120,399  |
| Interest.....  | -                     | -                     | 22,416            | 22,416   |
| Grants.....  | -                     | -                     | 11,859            | 11,859   |
| Miscellaneous revenue.....   | 5,000                 | 5,000                 | 8,688             | 3,688  |
| <b>Total revenue.....</b>  | <b>1,163,360</b>      | <b>1,163,360</b>      | <b>2,913,305</b>  | <b>1,749,945</b>                                     |
| <b>EXPENDITURES</b>  |                       |                       |                   |  |
| Current:   |                       |                       |                   |  |
| Public safety.....   | 3,125,516             | 3,169,006             | 2,867,309         | 301,697  |
| Capital outlay.....  | 181,794               | 165,663               | 227,994           | (62,331)   |
| <b>Total expenditures.....</b>   | <b>3,307,310</b>      | <b>3,334,669</b>      | <b>3,095,303</b>  | <b>239,366</b>                                       |
| Excess of revenues over (under)<br>expenditures.....                                 | (2,143,950)           | (2,171,309)           | (181,998)         | 1,989,311  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                       |                       |                   |  |
| Other financing sources.....   | -                     | -                     | -                 | -  |
| Operating transfers in (out) .....   | -                     | -                     | 110,443           | 110,443  |
| <b>Total other financing sources (uses).....</b>                                     | <b>-</b>              | <b>-</b>              | <b>110,443</b>    | <b>110,443</b>                                       |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | (2,143,950)           | (2,171,309)           | (71,555)          | 2,099,754  |
| Fund Balance-October 1.....  | 1,069,180             | 1,069,180             | 1,069,180         | -  |
| Prior period adjustment.....   | -                     | -                     | -                 | -  |
| <b>Fund Balance-September 30.....</b>  | <b>\$ (1,074,770)</b> | <b>\$ (1,102,129)</b> | <b>\$ 997,625</b> | <b>\$ 2,099,754</b>                                  |

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

**FREMONT COUNTY, IDAHO**  
**Notes To Required Supplementary Information**  
**For the Year Ending September 30, 2010**

**NOTE 1      BUDGET AND BUDGETARY DATA**

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

1. The County clerk assembles the budget requests from the various departments and funds, and presents a proposed operating budget to the County Commissioners. The operating budget includes proposed expenditures and the means of financing.
2. A notice of a public hearing is made and a public hearing is conducted to obtain taxpayer comments. This hearing must be on or before the Tuesday following the first Monday in September of each year. Hearings must be concluded by the second Monday in September.
3. Upon the conclusion of budget hearings the budget is formally adopted by the County Commissioners.
4. Any revisions that alter the total expenditures of any fund must meet the requirements of the above three steps again.

During the fiscal year ended September 30, 2010 there were revisions to the budget as originally proposed. The following major funds amended their budgets: General, Road and Bridge and Justice funds.

**NOTE 2      EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Fremont County had no major funds that exceeded the budgeted expenditures for the year ended September 30, 2010.

**SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2010**

|  | <u>District<br/>Court</u> | <u>Agriculture<br/>Fairs</u> | <u>Health<br/>District</u> | <u>Junior<br/>College<br/>Tuition</u> | <u>Parks and<br/>Recreation</u> |
|--|---------------------------|------------------------------|----------------------------|---------------------------------------|---------------------------------|
| <b>ASSETS</b>                            |                           |                              |                            |                                       |                                 |
| Cash and cash equivalents.....           | \$ 392,003                | \$ 16,835                    | \$ 22,208                  | \$ 67,407                             | \$ 105,996                      |
| Investments.....                         | -                         | -                            | -                          | -                                     | -                               |
| Receivables:                             |                           |                              |                            |                                       |                                 |
| Delinquent real taxes.....               | 28,217                    | 3,778                        | 3,934                      | -                                     | 8,540                           |
| State & Federal apportionments.....      | 10,872                    | 250                          | 807                        | -                                     | 2,160                           |
| Other.....                               | -                         | -                            | -                          | -                                     | -                               |
| Total assets.....                        | <u>\$ 431,092</u>         | <u>\$ 20,863</u>             | <u>\$ 26,949</u>           | <u>\$ 67,407</u>                      | <u>\$ 116,696</u>               |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                           |                              |                            |                                       |                                 |
| Liabilities:                             |                           |                              |                            |                                       |                                 |
| Warrants payable.....                    | \$ 12,493                 | \$ -                         | \$ 19,059                  | \$ -                                  | \$ 5,061                        |
| Accounts payable.....                    | 1,782                     | -                            | -                          | -                                     | -                               |
| Deferred revenue.....                    | 27,397                    | 3,691                        | 3,806                      | -                                     | 8,293                           |
| Total liabilities.....                   | <u>41,672</u>             | <u>3,691</u>                 | <u>22,865</u>              | <u>-</u>                              | <u>13,354</u>                   |
| Fund Balance:                            |                           |                              |                            |                                       |                                 |
| Unreserved.....                          | <u>389,420</u>            | <u>17,172</u>                | <u>4,084</u>               | <u>67,407</u>                         | <u>103,342</u>                  |
| Total liabilities and fund balance.....  | <u>\$ 431,092</u>         | <u>\$ 20,863</u>             | <u>\$ 26,949</u>           | <u>\$ 67,407</u>                      | <u>\$ 116,696</u>               |

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

| <b>Revaluation</b> | <b>Senior<br/>Citizens</b> | <b>Sanitary<br/>Landfill</b> | <b>Liability<br/>Insurance</b> | <b>Veterans</b> | <b>Weed and<br/>Pest</b> |
|--------------------|----------------------------|------------------------------|--------------------------------|-----------------|--------------------------|
| \$ 98,783          | \$ 25,382                  | \$ 929,098                   | \$ 32,131                      | \$ 514          | \$ 36,804                |
| -                  | -                          | -                            | -                              | -               | -                        |
| 23,401             | -                          | -                            | 10,669                         | 675             | 12,522                   |
| 4,426              | -                          | -                            | 2,026                          | 106             | 2,324                    |
| -                  | -                          | 119,852                      | -                              | -               | -                        |
| <u>\$ 126,610</u>  | <u>\$ 25,382</u>           | <u>\$ 1,048,950</u>          | <u>\$ 44,826</u>               | <u>\$ 1,295</u> | <u>\$ 51,650</u>         |
| <br>               |                            |                              |                                |                 |                          |
| \$ 13,609          | \$ 2,616                   | \$ 42,023                    | \$ -                           | \$ 902          | \$ 4,714                 |
| -                  | -                          | 283                          | -                              | -               | 3,342                    |
| 22,844             | -                          | -                            | 10,362                         | 672             | 12,166                   |
| <u>36,453</u>      | <u>2,616</u>               | <u>42,306</u>                | <u>10,362</u>                  | <u>1,574</u>    | <u>20,222</u>            |
| <br>               |                            |                              |                                |                 |                          |
| 90,157             | 22,766                     | 1,006,644                    | 34,464                         | (279)           | 31,428                   |
| <u>\$ 126,610</u>  | <u>\$ 25,382</u>           | <u>\$ 1,048,950</u>          | <u>\$ 44,826</u>               | <u>\$ 1,295</u> | <u>\$ 51,650</u>         |

**FREMONT COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2010**

| <b>ASSETS</b>                            | <b>Noxious<br/>Weed</b> | <b>Snowmobile</b> | <b>Waterways</b> | <b>Pollution<br/>Studies</b> | <b>Landfill<br/>Financial<br/>Assurance</b> |
|--|-------------------------|-------------------|------------------|------------------------------|---|
| Cash and cash equivalents.....           | \$ 62,767               | \$ 217,539        | \$ 41,036        | \$ 100                       | \$ (316,743)                                |
| Investments.....                         | -                       | -                 | -                | -                            | 992,618                                     |
| Receivables:                             |                         |                   |                  |                              |   |
| Delinquent real taxes.....               | -                       | -                 | -                | -                            | -   |
| State & Federal apportionments.....      | -                       | -                 | 12,092           | -                            | -   |
| Other.....                               | -                       | -                 | -                | -                            | -   |
| Total assets.....                        | <u>\$ 62,767</u>        | <u>\$ 217,539</u> | <u>\$ 53,128</u> | <u>\$ 100</u>                | <u>\$ 675,875</u>                           |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                         |                   |                  |                              |   |
| Liabilities:                             |                         |                   |                  |                              |   |
| Warrants payable.....                    | \$ 9                    | \$ 1,321          | \$ 2,694         | \$ -                         | \$ -  |
| Accounts payable.....                    | 17,750                  | -                 | 52               | -                            | -   |
| Deferred revenue.....                    | -                       | -                 | -                | -                            | -   |
| Total liabilities.....                   | <u>17,759</u>           | <u>1,321</u>      | <u>2,746</u>     | <u>-</u>                     | <u>-</u>                                    |
| Fund Balance:                            |                         |                   |                  |                              |   |
| Unreserved.....                          | <u>45,008</u>           | <u>216,218</u>    | <u>50,382</u>    | <u>100</u>                   | <u>675,875</u>                              |
| Total liabilities and fund balance.....  | <u>\$ 62,767</u>        | <u>\$ 217,539</u> | <u>\$ 53,128</u> | <u>\$ 100</u>                | <u>\$ 675,875</u>                           |

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

| <b>E<br/>911</b>  | <b>Judgment</b> | <b>Auditors<br/>Trust</b> | <b>Ambulance<br/>District</b> | <b>Drug<br/>Court</b> | <b>Tri-County<br/>Misd.<br/>Probation</b> | <b>Total Nonmajor<br/>Special Revenue<br/>Funds</b> |
|-------------------|-----------------|---------------------------|-------------------------------|-----------------------|---|---|
| \$ 333,567        | \$ 11           | \$ 188,063                | \$ 488,337                    | \$ 50,994             | \$ 292,815                                | \$ 3,085,647  |
| -                 | -               | -                         | 496,308                       | -                     | -   | 1,488,926   |
| -                 | 44              | -                         | 15,657                        | -                     | -   | 107,437   |
| -                 | -               | -                         | 8,222                         | -                     | -   | 43,285  |
| 18,348            | -               | -                         | 60,529                        | -                     | -   | 198,729   |
| <u>\$ 351,915</u> | <u>\$ 55</u>    | <u>\$ 188,063</u>         | <u>\$ 1,069,053</u>           | <u>\$ 50,994</u>      | <u>\$ 292,815</u>                         | <u>\$ 4,924,024</u>                                 |
| <br>              |                 |                           |                               |                       |   |   |
| \$ 1,417          | \$ -            | \$ 28,525                 | \$ 29,253                     | \$ 1,044              | \$ 82,768                                 | \$ 247,508  |
| -                 | -               | 839                       | 1,028                         | -                     | -   | 25,076  |
| -                 | 39              | -                         | 47,686                        | -                     | -   | 136,955   |
| <u>1,417</u>      | <u>39</u>       | <u>29,364</u>             | <u>77,967</u>                 | <u>1,044</u>          | <u>82,768</u>                             | <u>409,539</u>                                      |
| <br>              |                 |                           |                               |                       |   |   |
| 350,498           | 16              | 158,699                   | 991,086                       | 49,950                | 210,047                                   | 4,514,484   |
| <u>\$ 351,915</u> | <u>\$ 55</u>    | <u>\$ 188,063</u>         | <u>\$ 1,069,053</u>           | <u>\$ 50,994</u>      | <u>\$ 292,815</u>                         | <u>\$ 4,924,024</u>                                 |

**FREMONT COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Other Nonmajor Governmental Funds**  
**September 30, 2010**

|  | <b>Capital Project Funds</b> |                         |   |
|--|------------------------------|-------------------------|---|
|  | <b>Special<br/>Bridge</b>    | <b>Special<br/>Road</b> | <b>Total Other<br/>Nonmajor<br/>Funds</b> |
| <b>ASSETS</b>                            |                              |                         |   |
| Cash and cash equivalents.....           | \$ 462,402                   | \$ 639,600              | \$ 1,102,002                              |
| Receivables:                             |                              |                         |   |
| Delinquent real taxes.....               | 9,439                        | 999                     | 10,438                                    |
| Other.....                               | -                            | -                       | -   |
| Total assets.....                        | <u>\$ 471,841</u>            | <u>\$ 640,599</u>       | <u>\$ 1,112,440</u>                       |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                              |                         |   |
| Liabilities:                             |                              |                         |   |
| Warrants payable.....                    | \$ 3,905                     | \$ -                    | \$ 3,905                                  |
| Accounts payable.....                    | 8,595                        | -                       | 8,595                                     |
| Deferred revenue.....                    | 9,193                        | 938                     | 10,131                                    |
| Total liabilities.....                   | <u>21,693</u>                | <u>938</u>              | <u>22,631</u>                             |
| Fund Balance:                            |                              |                         |   |
| Unreserved.....                          | <u>450,148</u>               | <u>639,661</u>          | <u>1,089,809</u>                          |
| Total liabilities and fund balance.....  | <u>\$ 471,841</u>            | <u>\$ 640,599</u>       | <u>\$ 1,112,440</u>                       |

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

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**FREMONT COUNTY, IDAHO**  
**Combining Balance Sheet**  
**All Agency Funds**  
**September 30, 2010**

| <b>ASSETS</b>                            | <b>State of<br/>Idaho</b> | <b>Dept. of<br/>Trans.</b> | <b>Cities</b>     | <b>School<br/>Districts<br/>215 &amp; 322</b> | <b>#322<br/>Library</b> | <b>Cemeteries</b> |
|--|---------------------------|----------------------------|-------------------|---|-------------------------|-------------------|
| Cash and cash equivalents.....           | \$ 20,340                 | \$ 48,423                  | \$ 17,960         | \$ 11,103                                     | \$ 168                  | \$ 871            |
| Receivables:                             |                           |                            |                   |   |                         |                   |
| Delinquent real taxes.....               | -                         | -                          | 124,636           | 160,171                                       | 680                     | 8,663             |
| State & Federal apportionments.....      | -                         | -                          | 9,348             | 27,018  | -                       | 813               |
| Total assets.....                        | <u>\$ 20,340</u>          | <u>\$ 48,423</u>           | <u>\$ 151,944</u> | <u>\$ 198,292</u>                             | <u>\$ 848</u>           | <u>\$ 10,347</u>  |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                           |                            |                   |   |                         |                   |
| Liabilities:                             |                           |                            |                   |   |                         |                   |
| Warrants payable.....                    | \$ 20,340                 | \$ 48,423                  | \$ 17,755         | \$ 11,103                                     | \$ 168                  | \$ 871            |
| Due to other taxing units.....           | -                         | -                          | 134,189           | 187,189                                       | 680                     | 9,476             |
| Total liabilities.....                   | <u>20,340</u>             | <u>48,423</u>              | <u>151,944</u>    | <u>198,292</u>                                | <u>848</u>              | <u>10,347</u>     |
| Fund balances.....                       | <u>-</u>                  | <u>-</u>                   | <u>-</u>          | <u>-</u>                                      | <u>-</u>                | <u>-</u>          |
| Total liabilities and fund balance.....  | <u>\$ 20,340</u>          | <u>\$ 48,423</u>           | <u>\$ 151,944</u> | <u>\$ 198,292</u>                             | <u>\$ 848</u>           | <u>\$ 10,347</u>  |

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

| Fire District    | Delq. LID Macks | Delq. LID LC    | Personal Property Taxes | Hospital         | Ft. Henry Mosquito Abatement | Library          | URA 101001       |
|------------------|-----------------|-----------------|-------------------------|------------------|------------------------------|------------------|------------------|
| \$ 2,555         | \$ 1            | \$ 207          | \$ -                    | \$ 1,090         | \$ -                         | \$ 1,448         | \$ 296           |
| 29,959           | 3,651           | 3,005           | 322                     | 14,174           | 1,020                        | 23,102           | 65,248           |
| 2,154            | -               | -               | -                       | 435              | -                            | 511              | -                |
| <u>\$ 34,668</u> | <u>\$ 3,652</u> | <u>\$ 3,212</u> | <u>\$ 322</u>           | <u>\$ 15,699</u> | <u>\$ 1,020</u>              | <u>\$ 25,061</u> | <u>\$ 65,544</u> |
| <br>             |                 |                 |                         |                  |                              |                  |                  |
| \$ 2,555         | \$ 1            | \$ 207          | \$ -                    | \$ 1,090         | \$ -                         | \$ 1,448         | \$ 296           |
| 32,113           | 3,651           | 3,005           | 322                     | 14,609           | 1,020                        | 23,613           | 65,248           |
| <u>34,668</u>    | <u>3,652</u>    | <u>3,212</u>    | <u>322</u>              | <u>15,699</u>    | <u>1,020</u>                 | <u>25,061</u>    | <u>65,544</u>    |
| <br>             |                 |                 |                         |                  |                              |                  |                  |
| -                | -               | -               | -                       | -                | -                            | -                | -                |
| <u>\$ 34,668</u> | <u>\$ 3,652</u> | <u>\$ 3,212</u> | <u>\$ 322</u>           | <u>\$ 15,699</u> | <u>\$ 1,020</u>              | <u>\$ 25,061</u> | <u>\$ 65,544</u> |

**FREMONT COUNTY, IDAHO**  
**Combining Balance Sheet**  
**All Agency Funds**  
**September 30, 2010**

| <b>ASSETS</b>                            | <b>Forest<br/>Fire</b> | <b>Child<br/>Support</b> | <b>District<br/>Court</b> | <b>Magistrate<br/>Court<br/>Trust</b> | <b>Interlock<br/>Monitoring</b> | <b>Park<br/>And Ski<br/>Trust</b> |
|--|------------------------|--------------------------|---------------------------|---------------------------------------|---------------------------------|-----------------------------------|
| Cash and cash equivalents.....           | \$ 507                 | \$ -                     | \$ 12,578                 | \$ 97,265                             | \$ 9,355                        | \$ 901                            |
| Receivables:                             |                        |                          |                           |                                       |                                 |                                   |
| Delinquent real taxes.....               | 6,964                  | -                        | -                         | -                                     | -                               | -                                 |
| State & Federal apportionments.....      | -                      | -                        | -                         | -                                     | -                               | -                                 |
| Total assets.....                        | <u>\$ 7,471</u>        | <u>\$ -</u>              | <u>\$ 12,578</u>          | <u>\$ 97,265</u>                      | <u>\$ 9,355</u>                 | <u>\$ 901</u>                     |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                        |                          |                           |                                       |                                 |                                   |
| Liabilities:                             |                        |                          |                           |                                       |                                 |                                   |
| Warrants payable.....                    | \$ 507                 | \$ -                     | \$ -                      | \$ 25,820                             | \$ -                            | \$ -                              |
| Due to other taxing units.....           | 6,964                  | -                        | 12,578                    | 71,445                                | 9,355                           | 901                               |
| Total liabilities.....                   | <u>7,471</u>           | <u>-</u>                 | <u>12,578</u>             | <u>97,265</u>                         | <u>9,355</u>                    | <u>901</u>                        |
| Fund balances.....                       | <u>-</u>               | <u>-</u>                 | <u>-</u>                  | <u>-</u>                              | <u>-</u>                        | <u>-</u>                          |
| Total liabilities and fund balance.....  | <u>\$ 7,471</u>        | <u>\$ -</u>              | <u>\$ 12,578</u>          | <u>\$ 97,265</u>                      | <u>\$ 9,355</u>                 | <u>\$ 901</u>                     |

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

| <b>Taylor<br/>Grazing Trust<br/>No. 3 &amp; 15</b> | <b>Water<br/>Master<br/>Trust</b> | <b>Delinquent<br/>Yield</b> | <b>Assessor's<br/>Trust</b> | <b>Total<br/>September 30,<br/>2010</b> |
|--|-----------------------------------|-----------------------------|-----------------------------|---|
| \$ 15,624  | \$ 2,641                          | \$ 6                        | \$ 31,696                   | \$ 275,035                              |
| -  | 357                               | -                           | -                           | 441,952                                 |
| -  | -                                 | -                           | -                           | 40,279                                  |
| <u>\$ 15,624</u>                                   | <u>\$ 2,998</u>                   | <u>\$ 6</u>                 | <u>\$ 31,696</u>            | <u>\$ 757,266</u>                       |
| \$ -   | \$ -                              | \$ -                        | \$ 23,629                   | \$ 154,213                              |
| 15,624   | 2,998                             | 6                           | 8,067                       | 603,053                                 |
| <u>15,624</u>                                      | <u>2,998</u>                      | <u>6</u>                    | <u>31,696</u>               | <u>757,266</u>                          |
| -  | -                                 | -                           | -                           | -                                       |
| <u>\$ 15,624</u>                                   | <u>\$ 2,998</u>                   | <u>\$ 6</u>                 | <u>\$ 31,696</u>            | <u>\$ 757,266</u>                       |

**FREMONT COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures, And Changes In Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ending September 30, 2010**

| REVENUE  | District<br>Court | Agriculture<br>Fairs | Health<br>District | Junior<br>College<br>Tuition | Parks and<br>Recreation |
|--|-------------------|----------------------|--------------------|------------------------------|-------------------------|
| Taxes.....   | \$ 468,932        | \$ 79,854            | \$ 67,186          | \$ -                         | \$ 134,946              |
| Intergovernmental revenue.....   | 132,339           | 952                  | 3,077              | 4,392                        | 8,242                   |
| Interest.....  | 4,045             | 382                  | 744                | -                            | 1,376                   |
| Earnings on investments.....   | -                 | -                    | -                  | -                            | -                       |
| Licenses and permits.....  | 11,304            | -                    | -                  | -                            | -                       |
| Fines.....   | 97,353            | -                    | -                  | -                            | -                       |
| Charges for services.....  | -                 | -                    | -                  | -                            | -                       |
| Special fees.....  | -                 | -                    | -                  | -                            | -                       |
| Grants.....  | 2,500             | -                    | -                  | -                            | -                       |
| Miscellaneous revenue.....   | 15,227            | 8,582                | 42                 | -                            | 42,556                  |
| <b>Total revenue.....</b>  | <b>731,700</b>    | <b>89,770</b>        | <b>71,049</b>      | <b>4,392</b>                 | <b>187,120</b>          |
| <b>EXPENDITURES</b>  |                   |                      |                    |                              |                         |
| Current:   |                   |                      |                    |                              |                         |
| General government.....  | 705,001           | -                    | -                  | 23,250                       | -                       |
| Public safety.....   | -                 | -                    | -                  | -                            | -                       |
| Sanitation.....  | -                 | -                    | -                  | -                            | -                       |
| Health.....  | -                 | -                    | 76,401             | -                            | -                       |
| Culture and recreation.....  | -                 | 32,036               | -                  | -                            | 140,822                 |
| Capital outlay.....  | 14,298            | 63,000               | -                  | -                            | -                       |
| <b>Total expenditures.....</b>   | <b>719,299</b>    | <b>95,036</b>        | <b>76,401</b>      | <b>23,250</b>                | <b>140,822</b>          |
| Excess of revenues over (under)<br>expenditures.....                                 | 12,401            | (5,266)              | (5,352)            | (18,858)                     | 46,298                  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                   |                      |                    |                              |                         |
| Other financing sources.....   | -                 | -                    | -                  | -                            | -                       |
| Operating transfers in (out) .....   | -                 | -                    | -                  | -                            | -                       |
| <b>Total other financing sources (uses).....</b>                                     | <b>-</b>          | <b>-</b>             | <b>-</b>           | <b>-</b>                     | <b>-</b>                |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | 12,401            | (5,266)              | (5,352)            | (18,858)                     | 46,298                  |
| Fund Balance-October 1.....  | 377,019           | 22,438               | 9,436              | 86,265                       | 57,044                  |
| Prior period adjustment.....   | -                 | -                    | -                  | -                            | -                       |
| <b>Fund Balance-September 30.....</b>  | <b>\$ 389,420</b> | <b>\$ 17,172</b>     | <b>\$ 4,084</b>    | <b>\$ 67,407</b>             | <b>\$ 103,342</b>       |

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

| <b>Revaluation</b> | <b>Senior<br/>Citizens</b> | <b>Sanitary<br/>Landfill</b> | <b>Liability<br/>Insurance</b> | <b>Veterans</b> |
|--------------------|----------------------------|------------------------------|--------------------------------|-----------------|
| \$ 364,090         | \$ -                       | \$ -                         | \$ 160,997                     | \$ 10,544       |
| 16,887             | 1,699                      | -                            | 7,730                          | 403             |
| 3,524              | -                          | 13,081                       | 1,747                          | 116             |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | 19,910                       | -                              | -               |
| -                  | -                          | 844,749                      | -                              | -               |
| -                  | -                          | -                            | -                              | -               |
| 162                | 1,998                      | 105,351                      | 78                             | 5               |
| <u>384,663</u>     | <u>3,697</u>               | <u>983,091</u>               | <u>170,552</u>                 | <u>11,068</u>   |
| 382,661            | 6,493                      | -                            | 155,449                        | 11,562          |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | 759,136                      | -                              | -               |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | -                            | -                              | -               |
| 2,714              | -                          | 50,589                       | -                              | -               |
| <u>385,375</u>     | <u>6,493</u>               | <u>809,725</u>               | <u>155,449</u>                 | <u>11,562</u>   |
| (712)              | (2,796)                    | 173,366                      | 15,103                         | (494)           |
| -                  | -                          | -                            | -                              | -               |
| -                  | -                          | (2,402)                      | -                              | -               |
| <u>-</u>           | <u>-</u>                   | <u>(2,402)</u>               | <u>-</u>                       | <u>-</u>        |
| (712)              | (2,796)                    | 170,964                      | 15,103                         | (494)           |
| 90,869             | 25,562                     | 835,680                      | 19,361                         | 215             |
| -                  | -                          | -                            | -                              | -               |
| <u>\$ 90,157</u>   | <u>\$ 22,766</u>           | <u>\$ 1,006,644</u>          | <u>\$ 34,464</u>               | <u>\$ (279)</u> |

**FREMONT COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures, And Changes In Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ending September 30, 2010**

| <b>REVENUE</b>  | <b>Weed and<br/>Pest</b> | <b>Noxious<br/>Weed</b> | <b>Snowmobile</b> | <b>Waterways</b> |
|---|--------------------------|-------------------------|-------------------|------------------|
| Taxes.....  | \$ 183,011               | \$ -                    | \$ -              | \$ -             |
| Intergovernmental revenue.....  | -                        | -                       | 193,313           | 49,914           |
| Interest.....   | 1,119                    | -                       | -                 | -                |
| Earnings on investments.....  | -                        | -                       | 1,467             | 2,001            |
| Licenses and permits.....   | -                        | -                       | -                 | -                |
| Fines.....  | -                        | -                       | -                 | -                |
| Charges for services.....   | -                        | 111,137                 | -                 | -                |
| Special fees.....   | -                        | -                       | -                 | -                |
| Grants.....   | 89,918                   | -                       | -                 | 6,000            |
| Miscellaneous revenue.....  | 25                       | 100,107                 | 248               | 4,718            |
| Total revenue.....  | <u>274,073</u>           | <u>211,244</u>          | <u>195,028</u>    | <u>62,633</u>    |
| <b>EXPENDITURES</b>   |                          |                         |                   |                  |
| Current:  |                          |                         |                   |                  |
| General government.....   | -                        | -                       | -                 | -                |
| Public safety.....  | -                        | -                       | -                 | -                |
| Sanitation.....   | 277,989                  | 200,217                 | -                 | -                |
| Health.....   | -                        | -                       | -                 | -                |
| Culture and recreation.....   | -                        | -                       | 202,394           | 41,496           |
| Capital outlay.....   | -                        | 26,337                  | 18,000            | 750              |
| Total expenditures.....   | <u>277,989</u>           | <u>226,554</u>          | <u>220,394</u>    | <u>42,246</u>    |
| Excess of revenues over (under) expenditures.....                                 | (3,916)                  | (15,310)                | (25,366)          | 20,387           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                          |                         |                   |                  |
| Other financing sources.....  | -                        | -                       | -                 | -                |
| Operating transfers in (out) .....  | -                        | -                       | -                 | (9,354)          |
| Total other financing sources (uses).....   | <u>-</u>                 | <u>-</u>                | <u>-</u>          | <u>(9,354)</u>   |
| Excess of revenue and other sources over (under) expenditures and other uses..... | (3,916)                  | (15,310)                | (25,366)          | 11,033           |
| Fund Balance-October 1.....   | 35,344                   | 60,318                  | 241,584           | 39,349           |
| Prior period adjustment.....  | -                        | -                       | -                 | -                |
| Fund Balance-September 30.....  | <u>\$ 31,428</u>         | <u>\$ 45,008</u>        | <u>\$ 216,218</u> | <u>\$ 50,382</u> |

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

| <b>Pollution<br/>Studies</b> | <b>Landfill<br/>Financial<br/>Assurance</b> | <b>E<br/>911</b>  | <b>Judgment</b> | <b>Auditors<br/>Trust</b> |
|------------------------------|---|-------------------|-----------------|---------------------------|
| \$ -                         | \$ -  | \$ -              | \$ 113          | \$ -                      |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | -                 | 50              | -                         |
| -                            | -   | 4,017             | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | 134,152           | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | 31,833            | -               | 44,878                    |
| -                            | -   | -                 | 1               | 59,380                    |
| -                            | -   | 170,002           | 164             | 104,258                   |
| -                            | -   | -                 | 171             | 114,527                   |
| -                            | -   | 105,081           | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | 105,081           | 171             | 114,527                   |
| -                            | -   | 64,921            | (7)             | (10,269)                  |
| -                            | -   | -                 | -               | -                         |
| -                            | -   | -                 | -               | (98,687)                  |
| -                            | -   | -                 | -               | (98,687)                  |
| -                            | -   | 64,921            | (7)             | (108,956)                 |
| 100                          | 675,875                                     | 285,577           | 23              | 267,655                   |
| -                            | -   | -                 | -               | -                         |
| <u>\$ 100</u>                | <u>\$ 675,875</u>                           | <u>\$ 350,498</u> | <u>\$ 16</u>    | <u>\$ 158,699</u>         |

**FREMONT COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures, And Changes In Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ending September 30, 2010**

| <b>REVENUE</b>  | <b>Ambulance<br/>District</b> | <b>Economic<br/>Development</b> | <b>Drug<br/>Court</b> | <b>Tri-County<br/>Misd.<br/>Probation</b> | <b>Total Nonmajor<br/>Special<br/>Revenue Funds</b> |
|---|-------------------------------|---------------------------------|-----------------------|---|---|
| Taxes.....  | \$ 236,815                    | \$ -                            | \$ -                  | \$ -                                      | \$ 1,706,488  |
| Intergovernmental revenue.....  | 31,747                        | -                               | -                     | 44,651                                    | 495,346   |
| Interest.....   | 2,616                         | -                               | -                     | -   | 28,800  |
| Earnings on investments.....  | -                             | -                               | -                     | -   | 7,485   |
| Licenses and permits.....   | -                             | -                               | -                     | -   | 11,304  |
| Fines.....  | -                             | -                               | -                     | -   | 97,353  |
| Charges for services.....   | 153,727                       | -                               | -                     | -   | 418,926   |
| Special fees.....   | 1,552                         | -                               | 22,815                | 347,408                                   | 1,216,524   |
| Grants.....   | -                             | -                               | -                     | -   | 175,129   |
| Miscellaneous revenue.....  | 82,536                        | -                               | 50                    | 56,337                                    | 477,403   |
| <b>Total revenue.....</b>   | <b>508,993</b>                | <b>-</b>                        | <b>22,865</b>         | <b>448,396</b>                            | <b>4,634,758</b>                                    |
| <b>EXPENDITURES</b>   |                               |                                 |                       |   |   |
| Current:  |                               |                                 |                       |   |   |
| General government.....   | -                             | -                               | 53,647                | 502,695                                   | 1,955,456   |
| Public safety.....  | 294,099                       | -                               | -                     | -   | 399,180   |
| Sanitation.....   | -                             | -                               | -                     | -   | 1,237,342   |
| Health.....   | -                             | -                               | -                     | -   | 76,401  |
| Culture and recreation.....   | -                             | -                               | -                     | -   | 416,748   |
| Capital outlay.....   | 318,918                       | -                               | -                     | 3,348                                     | 497,954   |
| <b>Total expenditures.....</b>  | <b>613,017</b>                | <b>-</b>                        | <b>53,647</b>         | <b>506,043</b>                            | <b>4,583,081</b>                                    |
| Excess of revenues over (under) expenditures.....                                 | (104,024)                     | -                               | (30,782)              | (57,647)                                  | 51,677  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                               |                                 |                       |   |   |
| Other financing sources.....  | -                             | -                               | -                     | -   | -   |
| Operating transfers in (out) .....  | -                             | -                               | -                     | -   | (110,443)   |
| <b>Total other financing sources (uses).....</b>                                  | <b>-</b>                      | <b>-</b>                        | <b>-</b>              | <b>-</b>                                  | <b>(110,443)</b>                                    |
| Excess of revenue and other sources over (under) expenditures and other uses..... | (104,024)                     | -                               | (30,782)              | (57,647)                                  | (58,766)  |
| Fund Balance-October 1.....   | 1,076,655                     | -                               | 80,732                | 267,694                                   | 4,554,795   |
| Prior period adjustment.....  | 18,455                        | -                               | -                     | -   | 18,455  |
| <b>Fund Balance-September 30.....</b>   | <b>\$ 991,086</b>             | <b>\$ -</b>                     | <b>\$ 49,950</b>      | <b>\$ 210,047</b>                         | <b>\$ 4,514,484</b>                                 |

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

**FREMONT COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures, And Changes In Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ending September 30, 2010**

**Capital Project Funds**

| <b>REVENUE</b>   | <b>Special<br/>Bridge</b> | <b>Special<br/>Road</b> | <b>Totals</b> |
|--|---------------------------|-------------------------|---------------|
| Taxes.....   | \$ 218,416                | \$ 14,341               | \$ 232,757    |
| Intergovernmental revenue.....   | -                         | -                       | -             |
| Interest.....  | 833                       | 379                     | 1,212         |
| Miscellaneous revenue.....   | 112,945                   | 57                      | 113,002       |
| Total revenue.....   | 332,194                   | 14,777                  | 346,971       |
| <br><b>EXPENDITURES</b>  |                           |                         |               |
| Current:   |                           |                         |               |
| Road and bridge.....   | 370,049                   | 27,586                  | 397,635       |
| Total expenditures.....  | 370,049                   | 27,586                  | 397,635       |
| Excess of revenues over (under)<br>expenditures.....                                 | (37,855)                  | (12,809)                | (50,664)      |
| <br><b>OTHER FINANCING SOURCES<br/>(USES)</b>  |                           |                         |               |
| Operating transfers in (out) .....   | -                         | -                       | -             |
| Total other financing sources (uses).....  | -                         | -                       | -             |
| Excess of revenue and other sources over<br>(under) expenditures and other uses..... | (37,855)                  | (12,809)                | (50,664)      |
| <br>Fund Balance-October 1.....  | 488,003                   | 652,470                 | 1,140,473     |
| Fund Balance-September 30.....   | \$ 450,148                | \$ 639,661              | \$ 1,089,809  |

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

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# JENSEN POULSEN & COMPANY, PLLC

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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  
Fremont County, Idaho  
St. Anthony, Idaho 83445

We have audited the financial statements of Fremont County, Idaho as of and for the year ended September 30, 2010, and have issued our report thereon dated March 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

*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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (#2010-01 through 2010-03). *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.

Board of County Commissioners  
Fremont County, Idaho  
Page 2

Compliance

As part of obtaining reasonable assurance about whether the County'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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Fremont County, in a separate letter dated March 11, 2011.

The Fremont County's response to those findings identified in our audit is described in the accompanying schedule of audit findings and responses. 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 the County Commissioners, County Clerk, management 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.

  
JENSEN POULSEN & COMPANY, PLLC  
Certified Public Accountants

March 3, 2011  
Idaho Falls, Idaho

**FREMONT COUNTY, IDAHO**  
**Schedule of Audit Findings and Responses**  
**For the Year Ending September 30, 2010**

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**A. SIGNIFICANT DEFICIENCIES**

**2010-01—** Inadequate development of internal control policies with regard to procurement within the County.

**Condition:** The County is experiencing a lack in the development of a written procurement policy over the purchasing of goods and services.

**Criteria:** Inherent in an adequate internal control structure is the development and subsequent compliance with regards to a written procurement policy in order to monitor and control the County's expenditures.

**Effect:** The lack of development and subsequent compliance with a written procurement policy may increase the risk that inappropriate purchases would not be detected and prevented in a timely manner and in the normal course of operations.

**Cause:** The above noted situation is the result of a lack of development of a formal written procurement policy by County management.

**Recommendation:** It is requested that the County take note that this situation exists and devise a plan that will provide for the creation of a formal written procurement policy and further enforcement of that procurement policy as set forth by the County.

**Response:** The County recognizes the lack of a formal written procurement policy but continues to operate without one.

**2010-02 —** Lack of segregation of duties in the payroll processing function.

**Condition:** The County is experiencing a lack of segregation of duties over the payroll processing function.

**Criteria:** Inherent in an adequate internal control structure is the existence of segregation of duties with regards to the County's payroll processing in order to properly monitor and control the County's pertinent payroll information.

**Effect:** The lack of segregation of duties with a respect to payroll processing may increase the risk that improper manipulation of pertinent payroll information would not be detected and prevented in a timely manner and in the normal course of operations.

**Cause:** The above noted situation is the result of improperly segregating duties relating to the payroll processing function within the County.

**Recommendation:** It is requested that the County take note that this situation exists and devise a plan that will provide for the proper segregation of duties among personnel with respect to payroll processing.

**Response:** The County recognizes the lack of segregation of duties. They are exploring cost and time effective procedures for periodic review of the payroll data beyond budget analysis.

**FREMONT COUNTY, IDAHO**  
**Schedule of Audit Findings and Responses**  
**For the Year Ending September 30, 2010**

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**A. SIGNIFICANT DEFICIENCIES, continued**

*2010-03*—Inadequate controls over the financial reporting process.

**Condition:** The external auditor prepares the City's financial statements and related note disclosures.

**Criteria:** Controls over the preparation of the financial statements and related note disclosures that would prevent or detect and correct a misstatement in the financial statements must be present.

**Response:** Management recognizes the risk involved with outsourcing the preparation of the financial statements and related note disclosures. However, they do not believe the cost and time of training City personnel would provide benefit to the City.

**FREMONT COUNTY, IDAHO**  
**Schedule of Audit Prior Findings and Questioned Costs**  
**For the Year Ending September 30, 2010**

**2009-01**— Inadequate development of internal control policies with regard to procurement within the County.

**Status:** Condition is an ongoing deficiency. Reported as a deficiency in 2010.

**2009-02** — Lack of management oversight in relation to the purchasing of goods and services.

**Status:** Significant deficiency has been corrected.

**2009-03** — Lack of segregation of duties in the payroll processing function.

**Status:** Condition is an ongoing deficiency. Reported as a deficiency in 2010.