

CASSIA COUNTY

BASIC FINANCIAL STATEMENTS
With Supplemental Information

September 30, 2017



CASSIA COUNTY
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2017
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Office of the Clerk of the District Court
Cassia County, Idaho

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March 8, 2018

TO: BOARD OF COUNTY COMMISSIONERS
CITIZENS OF CASSIA COUNTY

Idaho statute requires that all general-purpose local governments with annual expenditures that exceed two hundred fifty thousand dollars (\$250,000.00) submit a complete set of financial statements to the legislative council. The financial statements presented must conform to Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the attached Basic Financial Statements with Management's Discussion and Analysis of Cassia County, Idaho, for the fiscal year ended September 30, 2017. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Poulsen, VanLeuven, & Catmull, a firm of licensed certified public accountants, has audited the county's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the county for the fiscal year ended September 30, 2017, are free of material misstatements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the county's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is designed to complement the letter of transmittal and should be read in conjunction with it. The county's MD&A can be found immediately following the report of the independent auditors.

Cassia County Government Profile

Cassia County is located, geographically, in the south central plain of the Snake River, bordered to the south by the State of Utah and surrounded by Oneida, Power, Blaine, Minidoka, Jerome, and Twin Falls Counties. It is comprised of 2,565.08 square miles of land. The

population base increased 7.2% in Cassia County from 21,416 in 2000 to 22,958 in 2010. Population estimates reflect an increase from 22,958 in 2010 to 23,504 at its most recent update on July 1, 2016. A plausible deduction could include that increased costs in funding of future development through Urban Renewal and Revenue Allocation Areas within the City of Burley has not reflected any appreciable increase in the population base of the county but rather appears to have displaced lower paying jobs to fill new positions. However, most indicators during FY2017 would suggest that housing shortages due to influx of population is being mitigated by increased building permits, housing starts for single family homes, and low to middle income housing complex starts.

78.8% of the population of the county were high school graduates between 2006 and 2010. However, in 2016 that percentage increased by nearly 3% to 81.9%. The median household income from 2006 and 2010 was \$39,866, nearly \$7,000 below the average of the State of Idaho. From 2010-2014 median household income increased to \$44,847 and in 2016 increased to \$46,215. There were evidences of decrease in poverty levels in Cassia County as those percentages dropped from 15.6% of Cassia County citizens considered below poverty level to 14.2% during the past fiscal year. The largest concentration of the county's population resides in the county seat of Burley.

A three member elected County Commission with overlapping terms governs the county. Responsibilities of the County Commissioners include passing ordinances and resolutions, adopting the budget, and appointing the heads of various departments. Other elected officials within the county are Clerk of the District Court who serves as ex-officio Auditor and ex-officio Recorder, Assessor, Coroner, Prosecutor, Sheriff, and Treasurer.

The county provides a full range of services under its general governmental functions. These services include public safety and protection, sanitation services, health and social services, culture and recreation, road and bridge construction and maintenance, planning and zoning, and general administrative services. Also included are services related to property assessment, budget development and administration, financial management, tax collection, investment of county assets, court and jury services management, indigent public defense, public records management, elections administration, indigent welfare medical and non-medical services, weed and invasive species control, and educational extension services. In addition, sanitation and emergency communications services are provided under an enterprise fund concept, with user charges to provide revenue to meet operating expenses. Of note during FY2017, the newly-adopted Idaho Public Defense Commission was charged with the duty of assuring defense of indigent citizens by providing adequate legal services at the cost of state and county government. This was in response to litigation from the ACLU for inadequate indigent defense in certain Idaho counties, all at an additional cost to the State of Idaho and to all counties.

The County Commission is required to annually adopt a final budget by no later than the first Tuesday following the first Monday in September. This annual budget serves as the foundation for Cassia County's financial planning and control. The budget is prepared by fund, department, activity, and object. Each elected official and department head submits, for approval, a budget request to the County Clerk of operating and capital expenditure appropriations from identified revenue. The Clerk submits to the Board of County Commissioners such department requests including their alternative recommendations and as

directed by the Board and deemed appropriate to fall within the limits of available and estimated funding sources. The final governing authority, the Board of County Commissioners then considers and contrasts or modifies such budget recommendations for public hearing before approval. In addition, the county maintains ongoing budgetary controls throughout the fiscal year. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual adopted budget process, Idaho Budget Statutes, and Federal Regulation. The adopted budget is then integrated with the county's accounting system to ensure reasonable and timely management control over spending throughout the year. Final budget amounts are as originally adopted or as amended either by judicial order or through scheduled budget hearing procedures for receipt of unscheduled revenues and unexpected expenses above appropriated amounts as allowed by Idaho Statute. Of note in FY2017, the Board of Commissioners authorized the Budget Officer recommendations of replacement of the nearly three decades old customized accounting system to new and more modern financial management software from Computer Arts, Inc. The new financial management solution is utilized by 35 of 44 counties in Idaho. It includes a more user-friendly graphical user interface system that will facilitate eventual replacement of the IBM iSeries AS/400-based computer system to a more modern and upgradable Microsoft SQL Server-based system.

During the fiscal year, the Board of County Commissioners may amend the annual appropriated budget by unanimous resolution in case of an emergency, through the courts, or by the budget hearing process. The appropriated budget can only be increased by an amount equal to unscheduled revenues and available reserves. In no event can property taxes be increased. Management at the departmental level does not have authority to amend the budget but only to request such from the governing Board of County Commissioners.

Local Economy

Cassia County's Comprehensive Plan reflects the preservation of an agriculture based economy. Included are dairy and dry farm operations as well as waterway and deep well irrigation crop farms. Production crops include potatoes, sugar beets, beans, alfalfa, wheat, and barley. Some industrial development has occurred with many having a direct relationship to agricultural production. Ethanol production and wind power generation are part of the local economy as well. Though construction has seen improvement, there remains a continued hope of both domestic and international commercial involvement in the State of Idaho. Recreational draws include the activities associated with the Snake River, a ski resort, mountain streams and lakes, the City of Rocks National Reserve, camping, hiking, hunting, and recreational vehicle exploration. The federal government continues to close miles of roads on BLM and US Forest Service ground previously used for that recreation and exploration, much to the dismay of most county officials and numerous users of such roads.

Ongoing discussions and considerations surround the relocation of the current City of Burley-sponsored municipal airport from its current landlocked location adjacent to concentrated business and population to a more rural location. The amount of land needed to adequately facilitate a new airport in nearly all prospective locations identified, will include the purchase of at least some private agriculture property and the possible consideration of the use of eminent domain to secure some portions of the needed real estate. Those dynamics leave the decision of such a move to local municipalities and support from both Minidoka and Cassia

Counties. At present, the only thing that seems certain is the current airport will eventually not receive further Federal Aviation Administration funding and support and will likely be abandoned. A real possibility is this area could be absent an airport eliciting negative results to economic recruitment of industry and business to the Mini-Cassia area.

Financial Planning

Cassia County's 9-1-1/Emergency Communication department continues to evolve with telephone use funding to maintain and enhance communication ability throughout difficult and remote areas of the county. The cost to the county property taxpayer is very minimal to accomplish those needs.

The old 9-1-1 system was upgraded to include reverse 9-1-1 and eventually it is anticipated will include functions of cell phone text dissemination. The FCC-mandated narrow banding and all licenses and repeaters continue to be updated to be compatible with that mandate. Preparations are ongoing for a national implementation in the future of enhancements and improvements of 9-1-1 communications.

The County Road and Bridge department continues to work with roads within their jurisdiction to assist with the repair and maintenance needs of rural county roads that are within the boundaries of this district. Culvert and bridge maintenance repair in the Elba and Almo areas continue to be necessary. Work continues with grading roads and application of magnesium chloride for dust control in the areas most traveled. Grants that have been received in the past for the magnesium chloride treatment are no longer available which presents a problem for funding that important road preservation and maintenance process. Following the Idaho Transportation Department (ITD) taking control over the road from Connor Creek to Elba and Almo, a cooperative agreement continues between ITD and the County Road and Bridge, where plowing of snow is provided in exchange for road sand and salt. Of note for FY2017 was extensive flooding during the spring runoff that necessitated considerable repair and replacement of roads and culverts to facilitate necessary citizen travel. Costs for such repair from natural disaster appear to be mostly if not completely mitigated by funds generated from the Idaho Office of Emergency Management (OEM) and Federal Emergency Management Agency (FEMA) grant and reimbursement funding.

This office has maintained recommendation of the prudent placement of funds in reserve each fiscal year for future capital needs. Budgeted expenditures continue to merit prudent analysis of the Board of Commissioners to minimize optional, non-essential, and unrequired service and merchandise expenditures wherever plausible as an alternative to depletion of reserves. The ongoing concern of this budget officer is the reality of potential troubling results with reliance on Federal payments in lieu of taxes (PILT) as an ongoing funding mechanism for critical services in Cassia County. Appropriations for ongoing full funding of PILT, though supported by all of Idaho's federal legislative delegates, continues to be in the balance year to year. Proposed cuts of the current federal administration could elicit reductions and possibly even elimination of PILT. The results of the potential loss of 10% of Cassia County's annual budget or \$2.3 million of a \$17 million dollar plus budget could present significant disruption of essential services provided by Cassia County.

The continued dedication of Deputy Auditors Heather Evans and Carrie Merrell are worthy of commendation amidst the required implementation of accounting and reporting.

Those requirements include changes in Government Accounting Standards Board (GASB) publication compliance, the PERSI retirement plan monitoring and oversight, Affordable Care Act (ACA) daily and annual record-keeping and reporting to the IRS, federal labor law overtime compliance for every county employee, county taxing district levy oversight, public defense grant and financial documentation and application, grant funds auditing, and Legislative Services Office oversight and reporting. This office continues to require appropriate reporting and safeguarding of the financial resources of Cassia County. That ongoing commitment and effort will include in-house auditing in areas where the need arises and where quality control and efficiency can be improved. The Board of County Commissioners' engaged outside auditors, Poulsen, VanLeuven, and Catmull, CPA's continue to assist internal auditors with selected auditing where areas of concern can be identified and best practices in financial stewardship can be implemented. The goal of the Cassia County Auditor's Office is to mitigate any and all adverse findings and implement all recommendations of the outside auditor.

The submission of this annual financial report for Cassia County is, hereby, offered for consideration and review of the Board of County Commissioners, interested parties, and the citizens of Cassia County.

Respectfully,



Joseph W. Larsen

Clerk of the District Court

ex-officio Auditor/Recorder

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FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

*Members of the American Institute of CPA's
and the Idaho Society of CPA's*

**Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA**

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Cassia County, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County, Idaho (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the County's 2016 financial statements and, in our opinion dated June 14, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County, Idaho as of September 30, 2017, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the combining and individual fiduciary fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the combining and individual fiduciary fund financial statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of Cassia 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

March 8, 2018

Cassia County
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2017

I, Joseph W. Larsen, am the ex-officio auditor of Cassia County, Idaho. As such I function as budget officer and financial manager pursuant Idaho Statute § 31-160. My duties thereunder are to oversee financial accountability and to ensure that provisions of the budget are complied with for each department head and elected official. This narrative overview, analysis, and accompanying financial statements for the fiscal year ended September 30, 2017, is presented. Included are financial performance and activities of the governmental services of Cassia County for the Fiscal Year beginning October 1, 2016, through September 30, 2017.

The County implements the reporting model as adopted by the Governmental Accounting Standards Board (GASB) in their statements. Most recently, that includes the following that apply, along with previous GASB Statements, to Fiscal Year ended September 30, 2017, and thereafter:

- GASB Statement No. 83 – Certain Asset Retirement Obligations
- GASB Statement No. 84 – Fiduciary Activities
- GASB Statement No. 85 – Omnibus 2017
- GASB Statement No. 86 – Certain Debt Extinguishment Issues
- GASB Statement No. 87 – Leases

New for 2018 reporting is the Governmental Accounting Standards Board issued Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. Primarily that deals with healthcare benefits paid postemployment and should have no effect on Cassia County reporting. Most onerous reporting of GASB is centered around deeper financial involvement of larger government entities. That would include those who have majority equity interests, direct borrowings and direct placements, and interest costs during the period of construction.

Goals and efforts of GASB for 2018 include improvement of the financial reporting model for which they have solicited public comment, revenue and expense recognition, and note disclosures.

Elected Officials

A political subdivision of the State of Idaho, Cassia County has nine elected officials; three county commissioners, sheriff, prosecuting attorney, clerk, treasurer, assessor, and coroner. Every two years, two county commissioners are up for election; one for a two year term and one for a four year term. The November Presidential General Election of 2016 involved Commissioner Districts 2 and 3. Chairman Dennis Crane did not seek reelection for the open 2-year term for District 3 and Commissioner Bob Kunau did seek reelection for the open 4-year term for District 2.

Additionally for the November 2016 General Election, positions up for reelection included prosecuting attorney and sheriff. For the May 2016 Primary Election, positions that were contended only had contenders from the Republican Party. Commissioner District 2 Incumbent Robert J. Kunau ran unopposed in both the May Primary and the November General Elections. He was reelected to that position. The open Commissioner District 3 position had four contenders. Tim Darrington prevailed in the May Primary Election and ran unopposed in the November General Election and was elected to that position. Prosecuting Attorney Incumbent Douglas G. Abenroth ran unopposed in both the May Primary and the November General Elections. Sheriff Incumbent Jay Heward prevailed in a three-way contested race in the May Primary Election and ran unopposed in the November General Election and was elected to that position. Following the swearing in of these elected officials on January 9, 2017, Commissioner Bob Kunau was chosen by the Board of Commissioners to serve as Chairman of the Board.

Elected officials at fiscal year ended September 30, 2017 included the following:

Board of County Commissioners:

District 1 – Paul Christensen

District 2 – Bob Kunau, Chairman

District 3 – Tim Darrington

The Board of County Commissioners is “the chief executive authority of the county government” under Idaho Statute § 31-828. As such, they manage, preside over and are responsible for statutory compliance and adherence, more particularly relative to financial accounting and fiscal responsibility as follows:

- “...supervise the official conduct of all county officers, and appointed boards or commissions of the county charged with assessing, collecting, safekeeping, management of disbursement of the public moneys and revenues; see that they faithfully perform their duties...and when necessary, require them to make reports, and to present their books and accounts for inspection.” Idaho Code § 31-802
- “...lay out, maintain, control and manage public roads...and bridges within the county, and levy such tax therefor as authorized by law...” Idaho Code § 31-805
- “...preserve, take care of, manage and control the county property...” Idaho Code § 31-807
- “...examine and audit the accounts of all officers having the care, management, collection or disbursement of moneys belonging to the county, or appropriated by law, or otherwise, for its use and benefit.” Idaho Code § 31-809
- “...funds deposited in the county election fund...shall be used to pay for all costs in conducting political subdivision elections.” Idaho Code § 31-809A
- “...examine, settle, and allow all accounts legally chargeable against the county...” Idaho Code § 31-810
- “...levy such taxes annually on the taxable property of the county as may be necessary not exceeding the amount authorized by law...” Idaho Code § 31-811
- “...fix the compensation of all county officers and employees, and provide for the payment of the same.” Idaho Code § 31-816
- “...hold public fairs or exhibitions, to care for and maintain the same, regulate the use thereof...” Idaho Code § 31-822
- “...levy a tax...for the purpose of creating a fund to be used for collecting, preparing and maintaining an exhibition of the products and industries of the county...for the purpose of encouraging immigration and increasing trade in the products of the state of Idaho, to pay premiums or prizes for, and any costs or expenses of collecting, preparing, maintaining, exhibiting and advertising of like exhibitions, exhibited by others than the county at any such domestic or foreign exposition.” Idaho Code § 31-823
- “...employ inmates of the county jail upon public road work or other county work in the county...” Idaho Code § 31-824
- “...contract to purchase and to purchase and provide for care by clerk of district court of such law books and pamphlets...as necessary...” Idaho Code § 31-825
- “...appropriate funds for demonstration work in agriculture and home economics...for the employment of a county agent or county agents in cooperation with the University of Idaho...” Idaho Code § 31-826
- “...authority and power to enter into contracts...to promote, maintain, and administer projects and programs...of public benefit, and the purpose of which is to carry on programs concerning the aged.” Idaho Code § 31-866

- “...may impose and collect fees for those services provided by the county...” Idaho Code § 31-870
- “...shall provide misdemeanor probation services...shall not be obligated beyond the funds generated by the fees collected...and any additional funds that may be annually appropriated...” Idaho Code § 31-878
- “...shall...evaluate the need and provide to indigent person(s) nonmedical assistance in a temporary situation only when no alternative exists.” Idaho Code § 31-3401
- “...shall...pay for necessary medical services for the medically indigent residents...” Idaho Code § 31-3503 (1)
- “...estimate of expenditures...required...as finally fixed and adopted as the county budget...shall constitute the appropriations for the county for the ensuing fiscal year. Each and every county official or employee shall be limited in making expenditures or the incurring of liabilities to the respective amounts of such appropriations.” Idaho Code § 31-1606
- “...shall cause to be made, annually, a full and complete audit of financial transactions of the county. Such audit shall be made by and under the direction of the board of county commissioners...” Idaho Code § 31-1707
- “...Audits...are to be performed by independent auditors in accordance with generally accepted governmental auditing standards, as defined by the United States general accountability office.” Idaho Code § 67-450B

Clerk of the District Court:

Joseph W. Larsen

The Clerk of the District Court serves also as ex-officio Auditor, ex-officio Recorder, Chief Elections Officer, Social Services Officer, and Clerk of the Board of Commissioners.

Assessor:

Dwight Davis

The Assessor determines property valuations, administers the property taxation system, and provides vehicle registration through the Idaho Department of Transportation.

Treasurer:

Patty Justesen

The Treasurer is the County Tax Collector and ex-officio Public Administrator.

Prosecuting Attorney:

Douglas Abenroth

The Prosecuting Attorney prosecutes crimes and is counsel to County government.

Sheriff:

Jay Heward

The Sheriff is the Chief Law Enforcement Officer of the County with supervisory oversight of the Minidoka and Cassia Counties joint Adult Misdemeanor Probation Office and the Mini-Cassia Criminal Justice Center.

Coroner:**Craig Rinehart**

The Coroner determines and certifies the manner and cause of death.

Board Appointed Official

County Administrator:**Kerry D. McMurray**

The County Administrator is an appointed position, governed, and under the direct supervision of the Board of County Commissioners. They have relegated duties to the County Administrator that includes civil legal services, county risk manager, administrator of Planning and Zoning, and membership of various committees and subcommittees under the Board of County Commissioners.

Statutory Budget Requirements

The common goal of each elected official, each department head, and every employee of Cassia County is to provide the best possible service with available resources to every member of the public, in a courteous, equitable, efficient, and cost-effective way as prescribed in the constitution and laws of the State of Idaho. Objectives of department heads and elected officials should be to utilize any sensible means possible to prudently collect any and all available revenues as allowed by law, including proceeds from property and sales tax, grants, fees, and fines. Those resources are to be used for goods and services rendered on behalf of the citizens and taxpayers of Cassia County. The County's elected officials and department heads have the fiduciary responsibility and are accountable to the taxpayers and citizens of Cassia County and to all members of the public to sensibly and ethically:

- Promote any revenue generating functions of their respective departments with all due diligence and in compliance with the Constitution of the State of Idaho, all Idaho Statutes, and any applicable and required rules and regulations and provide an accurate and honest accounting of such.
- Request, explain, and appropriately account for all requirements of funding in carrying out the duties of each office and elected position to the County Auditor during the budgeting process and account for and remain within the approved budget throughout the fiscal year.
- Preserve all budgeted amounts that are not required to conduct the legitimate duties of each office and elected position during the current fiscal year to maintain positive beginning fund balances for the ensuing fiscal year.

The ***Budget or Financial Officer*** of Cassia County has the fiduciary responsibility for and is accountable to the Board of County Commissioners, the taxpayers and citizens of Cassia County, and to all members of the public to sensibly and ethically:

- Prepare a preliminary budget for consideration of the Board of County Commissioners. Idaho Code § 31-1602
- See that the provisions of the adopted budget are complied with. *Id.*
- Notify each county official in writing to file with the budget officer an itemized estimate of probable revenues from sources other than taxation that will accrue to each county official's office and all expenditures required and a brief explanatory statement of the request for the fiscal year being budgeted for. *Id.*
- Prepare and file with the Board of County Commissioners a suggested budget for Cassia County for the ensuing fiscal year showing all contemplated expenditures and the source of revenues with which to pay the same. Idaho Code § 31-1603

- Submit to the Board of County Commissioners a statement showing the expenditures and liabilities against each separate budget appropriation before the last day of each quarter of the fiscal year. That must include any and all facts indicating any possible deficit or excessive expenditure from any appropriation. Idaho Code § 31-1611

The **Board of County Commissioners** of Cassia County has the fiduciary responsibility for and is accountable to the taxpayers and citizens of Cassia County and to all members of the public to sensibly and ethically:

- Convene to consider the proposed budget of the Budget Officer in detail and make any alterations allowable by law and which they deem advisable to agree upon a tentative budget to be allowed and appropriated for each office of Cassia County for the ensuing fiscal year. *Idaho Statute § 31-1604*
- Following establishment of tentative appropriations, to cause the Budget Officer to make notice to be published in the county-designated newspaper setting forth statutorily-required financial information regarding the ensuing fiscal year's proposed budget. *Idaho Statute § 31-1604*
- Fixing a time and place for a hearing to allow any taxpayer to appear and be heard upon any part or parts of the budget. Idaho Code §§ 31-1604-5.
- Fix and determine a final budget and make appropriations to each county entity for the ensuing fiscal year. *Id.*
- "...fix the levies for the ensuing fiscal year necessary to raise the amount of expenditures as determined by the adopted budget, less the total estimated revenues from sources other than taxation, including available surplus..." Idaho Statute § 31-1605.
- Amend an adopted budget during the fiscal year to reflect unscheduled revenues, grants, or donations only after the annual budget procedure is complied with as nearly as practicable prior to such adjustment. *Id.*

Each **County Official and Employee** of Cassia County has the fiduciary responsibility for and is accountable to the Cassia County Board of Commissioners, the taxpayers and citizens of Cassia County, and to all members of the public to sensibly and ethically:

- Limit expenditures or the incurring of liabilities to the respective amounts of such appropriations. Idaho Code § 31-1606
- Be aware that expenditures made, liabilities incurred, or warrants issued in excess of any budget appropriations shall not be the liability of the county, but the official incurring such shall be liable. Idaho Code § 31-1607

Economic Conditions and Financial Outlook

Cassia County Demographics and Dilemmas

Located in South Central Idaho on the Snake River Plain, Cassia County is driven by and is primarily an agriculturally-oriented area of commerce. Irrigation means include canal systems originating from the Snake River as well as deep wells relying significantly on the aquifer system. County Planning and Zoning makes recommendations to the Board of County Commissioners for approval of livestock and dairy operations. Crop farming includes primarily potatoes, sugar beets, wheat, barley, and beans. Retail and service industries and businesses are important secondary sources of employment and tax revenue to the County.

The downline effect of the global and U.S. economy has served as an impediment to our local form of county government. Meeting objectives and mandates that are ever escalating as opposed to the presence of somewhat adverse financial and economic conditions is a real challenge. Some include the following:

- Sustained low interest rates on County reserves and investments
- Ever-present indigent and worthy poor residents entitled to county assistance
- Sustained lapses with no solutions from the State of Idaho legislature in bridging the Medicare and poverty gap
- Countrywide rocketing of healthcare costs
- The Affordable Care Act's enormous cost was underestimated and the payment from young premium payers was dramatically overestimated
- Time and resources required to maintain compliance with the Affordable Care Act
- Continued Diminishing Federal and State-funded grant availability which supplement county programs for safety, enforcement of the law, enhancement of rural roads, prosecution of offenders of the law, court provisions for administering justice, specialty court implementations, adequate and appropriate public defense for the indigent or worthy poor, and other needs of funding ever-spiraling upward
- Reduced available financial resources to counties to accommodate the sustained and elevated mandates or requirements of the Federal and State governments to counties
- Escalating crimes relating to drug trafficking and opioid and other substance abuse and addiction
- Inadequate mitigation for the scores of mentally ill in dire need of critical care, facilities, counseling, medications and financial resources, which has reached a crisis point
- Ever-increasing arrests, incarceration, investigation, prosecution, indigent defense, and court actions required for offenders of the law
- Increased and costly court service security facilitation to afford protection of the officers of the court, legal counsel, the accused, and the public

Urban Renewal and Personal Property Tax Relief

Economic development and construction has improved some in recent years through recruitment with tax relief options as enticements through the Burley Development Authority by utilization of Urban Renewal and Revenue Allocation Areas. Legislative advocacy efforts have also resulted in substantial reductions in personal property taxation exemption designed to entice establishment of and the conducting of business in Idaho. The consequential impact to county government is the reduction or elimination of personal property-taxation receipts to the Cassia County taxing district along with the attendant necessity of increases in county services required. It has also spawned a tax shift to small business owners and homeowners.

Efforts of the Burley Development Association to expand commerce and economic development, though positive in many aspects, does have an adverse effect on funding and likely also with county employee retention. The enigma created includes increased competition for the skills and services of county employees by way of higher wages and salaries, enhanced benefit packages, and higher compensation employment opportunities than that offered by the county.

PILT and SRS Funding

There continues to be considerable concern in potential reduction or even elimination of payments from the Federal government with Payments in Lieu of Taxes (PILT) for non-taxable Federal-owned land with the Bureau of Land Management (BLM) and U.S. Forest Service. 31 U.S.C. 39-6901 *et seq.*

Payment for Entitlement Land was enacted to prescribe federal funding to a unit of local government to "...use the payment for any governmental purposes." 31 U.S.C. 39-6902(a). Determination of payment under federal code is based on a complex formula involving population, published Consumer Price Index, acquisition or dissolution of governmental property, and specific geographical regions of the U.S. For the range of years from 2008 to 2014, PILT was formulated with an index-based change and was authorized by appropriations. 31 U.S.C. 39-6906.

Since 2014, appropriations of PILT have been year by year, and only after protracted legislative negotiations to identify a funding source from which to appropriate this critical payment of non-taxed county properties.

The uncertainty year-to-year is particularly concerning to Cassia County in that we allocate over 65% of those projected annual proceeds for normal ongoing operations of the County, much of which is already expended before assurance of receipt of such funds. Of special note is that historically Cassia County has expended amounts budgeted before it is even apportioned by the Federal government to be paid to counties. The total amount received for this fiscal year was \$2,247,018.00. Conservative budgeting and holding allocations not needed helped to produce a \$500,000.00 PILT balance at fiscal yearend.

If for some reason PILT appropriations were reduced or discontinued, we potentially would have already expended nearly \$1.6 million to operate Cassia County, which funding then would out of necessity come directly from County reserves and fund balances. That difficult scenario would leave Cassia County dangerously close to the inability to function as usual even in the short run. Then, in just a few short months, financial exhaustion of fund balances and County reserves would change the way we comply with our statutory obligations and likely necessitate emergency measures under the statute to carry on with the administration of justice and providing of required county services.

The Secure Rural School (SRS) program was enacted in 2000 in response to the decline of revenue-generating activities curtailed by the enactment of federal policies. It was designed to allay lost revenues spawned by those policies in an effort to revive rural counties and school districts. In 2008, SRS was reauthorized to continue on a sliding payment scale.

SRS funding allocated to Cassia County Road and Bridge in FY2016 was \$11,941.33 and that amount decreased to \$3,479.58 in FY2017. That diminishes the ability to continue ongoing road, bridge, and culvert repair and replacement. That, in particular was important to FY2017 funding in that emergency repairs of road infrastructure became necessary as a result of spring runoff flooding and damage. The budget was amended for FY2017 to allow reserve funds in the amount of \$65,000.00 to repair damages to road and culverts. It was hoped that funds from FEMA and the Idaho Office of Emergency Management would be available to replenish those reserves.

Other Revenue Source Reductions

Ever-diminishing sources of revenue by way of grant receipts, elimination of some personal property taxes, waning fees from fines and citations, uncollectable court fees, displaced income-producing incarcerations in favor of county-required offender confinement, and reduced ability of offenders to satisfy their obligatory fees have all hampered county income. That coupled with the increased demand to conduct ordinary and necessary services have elicited unrealistic expectations of funding and discord amongst those charged with living within the confines of a reduced budget.

Considering the aforementioned factors, prospects of business and industry growth in the future have created a conundrum of competition with employees of County government with new business and industry in their recruiting efforts. Consequently, there are not only adverse effects and impacts on funding County government resultant of relief of personal and real property tax receipts, but also from the statutory cap limiting tax levy amounts.

Property Taxation and Levying Power

Upon careful review of roughly 20 years of budgeting and allocation of available revenues and other resources, considerable light is shed on the current financial state of Cassia County in terms of levying power of taxable properties.

Progressively increasing appropriations of PILT receipts provided a revenue source to Cassia County over a ten year period of time. As increasing financial requests of department heads and elected officials consistently and gradually progressed, the county commissioners as governing authority of establishing the budget, eased into a gradual level of comfort along with budget office recommendations to forego taxing authority in favor of PILT reliance. A propensity for allocating in lieu of building financial reserves for emergencies coupled with pressures to meet financial demands seemed to be the modus operandi over an extended period of time. Additionally, levying less than statutorily authorized and instead accumulating foregone balances was the governing authority's choice. The upside clearly presented acceptance of the populous to be taxed less than what they could have been. It also provided an avenue in one year to use those foregone balances by taxation equivalent to what was authorized along the way to accomplish the funding of the new Cassia County Judicial Center, a much needed move.

The flip side of those advantages has obviously been vastly underestimated with the undisputed shallowness of a regression line of the two variables in question. One is the forfeiture of taxing authority with the attendant reliance on other revenue sources. The other associated variable is the capped 3% increase year to year of the highest of three previous fiscal years. The decreased amount of overall rate of taxation year to year coupled with the floating 3% cap above demonstrates a clear regression line pointing to a tight association between diminished taxation values as time goes on with little to no extrapolation of data. The end result is diminishing taxing authority with a year to year effect protracted into the future of little ability of tax funding ever catching up with increased financial demands.

The remedies to overcome those diminishing returns as a percentage of escalating demands for funding seem to be limited to the following:

- Considerable, vast, unsustainable, and likely unattainable reductions in operating expenses or personnel costs as both are required to meet mandates of law. Additionally, the requirement to do such by the governing authority has been minimal. There is also little desire to reduce upper management expenditures by integrations of duties.
- Identification and generation of additional revenue sources, though limited in availability, to supplant the history of taxation forfeiture. There has also been a propensity for a tepid desire to attain such. Possible avenues include but are not necessarily limited to Federal and State grant funding procurement; tighter management of income-producing incarcerations and probation fees; a concerted effort with all players who assist with administering justice to align thought and practices with citation issuance, fee collections, and fine impositions in lieu of costly incarceration whenever feasible; and concerted effort with collections of imposed liabilities to the county that have historically been forfeited, overlooked, or dismissed for whatever reason.
- Support of a resolution for a permanent levy override election question to the voting public to elevate tax rates to the level forfeited by foregoing such.

In summation, revenues must be identified and sought after, expenditures must decrease or be eliminated, or taxation must be increased.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Taxation and Finance

Counties, as political subdivisions of the State of Idaho, but with closer relationships with the people, have a right and a responsibility to raise, within levy limitations, the necessary revenues in order to finance critical, basic public services of a wide variety, many of which are federally or state mandated.

Property Taxes raise a substantial amount of money and are in fact, the largest single source of taxation revenue. The assessment of property valuations is required to be completed in a timely basis utilizing the most accurate procedures and in accordance with the standards of the International Association of Assessing Officers, as required under Idaho Statute and as promulgated by rule from the Idaho State Tax Commission. Property tax revenues continue to be insufficient to support all the functions of local government and to provide supplementary payments. Amounts of authorized federally-funded PILT for federal-owned lands totaled \$2,247,018.00 for FY2017. The volatility of receipt of those funds are critical as they currently are appropriated late in the year at the will of the federal legislature rather than as an ongoing and permanent appropriation. As the enormous federal debt is accumulating with little relief in sight, reduction or discontinuance of those payments could easily happen at any time. Critical to Cassia County is the continual reliance on those annual proceeds to fund ongoing expenditures, of which all personnel expenses for wages, salaries, overtime, accrued time, county-funded portions of insurance, county-funded PERSI retirement portions, worker's compensation premiums, county-funded dental payments, county-funded short term disability payments, county-funded term life insurance, FICA portions of payment, and Medicare portions of payment all liabilities that must be sustainable. Repeated warnings of the lack of sustainability of elevated expenditures being paid with non-sustainable or less than fully reliable revenue streams have been articulated by the Cassia County Budget Officer. Critical increases in Justice Fund expenditures with decreasing ability to fund have also been noted by Cassia County's independent outside auditor to the governing board.

The collection of property taxes is administered and completed by the County Treasurer. Property tax drives occur two times a year with tax collection dates of December 20th and June 20th for the previous year's tax assessments.

Fund Financial Statements

Fund financial statements are accounting devices that the County uses to track sources of funding and spending for specific programs and to demonstrate compliance with various regulatory requirements. Fund financial statements generally report operation in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the County as a whole.

County Funds

The taxing funds listed below have their own individual levy limits which are set by Idaho Statute and cannot exceed maximum levy rates nor can they be intermingled with other funds. Those levied funds are derived from taxation of property which are calculated by a formula of assessed property values multiplied by the current calculated levy rates.

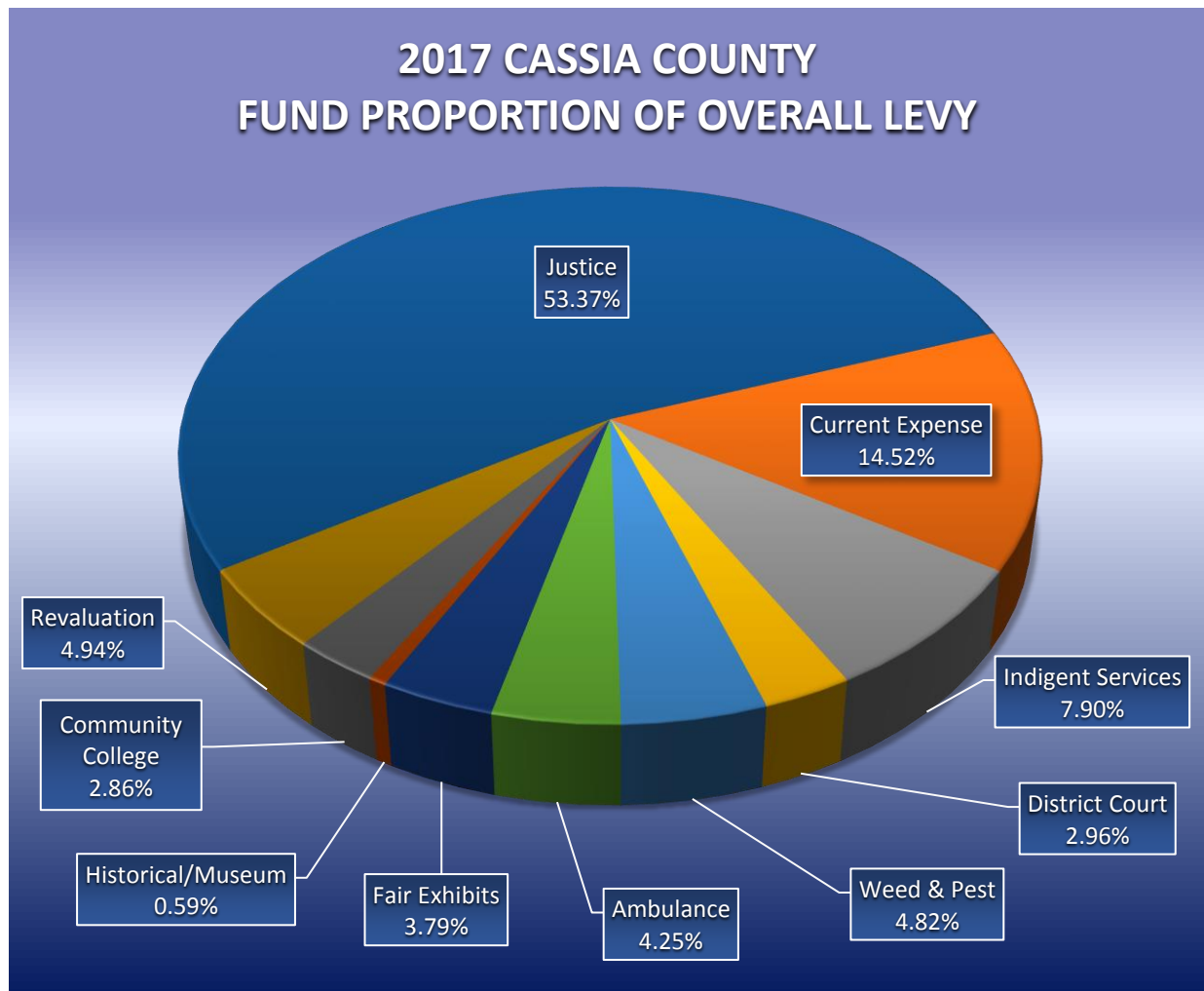
Fiscal Year 2017 received generated funds from property levies at the enumerated rates for the listed funds. All levied amounts were integrated so as to not exceed any statutory levy limit.

<u>Fund</u>	<u>Current Levy Rate</u>	<u>Maximum Levy Rate</u>
Major Funds:		
Current Expense	0.000509677	0.00260
Justice	0.001872973	0.00200
Other Funds:		
Indigent Defense/Social Services	0.000277241	0.00100
District Court	0.000103965	0.00040
Noxious Weeds	0.000169117	0.00060
Ambulance	0.000149017	0.00020
County Fair Operations	0.000000000	0.00010
County Fair Exhibits	0.000133131	0.00020
Historical Society/Museum	0.000020793	0.00012
Junior College Tuition	0.000100500	0.00060
Revaluation	0.000173276	0.00040

County department heads and elected officials submit their budget requests before levy rates are established. The budget officer sums projected remaining fiscal year end balances in each fund with other identifiable and available revenues other than property tax allocations. Any needed property tax funding is then calculated and reported with the Idaho State Tax Commission L-1 and L-2 Forms to establish that needs fall at or below required levy limits. The total of current levy rates for each fund establishes the total county levy rate. That total cannot exceed 3% more than the highest of the previous three fiscal year levy rates.

2017 Total Cassia County Levy Rate:
.003509690

*The funds in the chart below lists the proportion of
Assessed market valuation
Of overall 2017 property tax proceeds.*



Cassia County Operations Revenue

Fee Collections

Solid Waste Collection	Sheriff Drug Enforcement	911 Emergency Services
Parks & Recreation/Snowmobile	Waterways	Industrial Property Litigation
Domestic Abuse	EMS	Noxious Weed Fees
Optional Grants	Disaster Services Support	Misdemeanor Probation Fees
Forest Service	Interlock Fund	Court Facilities
	Juvenile Justice Lottery Tax	

Revenues for Major Funds

Remaining Cash Balance
(Cash Forward, Carryover, or Fund Balance)
State Sales Tax
State Liquor Allocation
Federal Payment in Lieu of Taxes
State Licenses & Fees
County Licenses & Fees
Interest on Investments
Election Reimbursements
Federal Grant Reimbursements
Receipts
Agricultural Equipment Property Tax Replacement
Property Tax Levy

Financial Information

Accounting System and Budgetary Control: In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal control is a process affected by the County's governing board, elected officials, administration, department heads, and staff. It is designed to provide reasonable, but not absolute, assurance regarding the achievements of objectives in the following categories:

- 1) the effectiveness and efficiency of operations
- 2) reliability of financial reporting
- 3) compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit likely to be derived and that the evaluation of costs and benefits require estimates and judgments by management.

Budgetary control is maintained by the issuance of monthly financial statements which reflect current and year to date expenditures and encumbrances, in comparison to budgeted amounts. The portion of the year gone is compared to the portion of the budget amount expended when presented to the Board for authorization of payment. Anticipated expenditures are reviewed to determine that sufficient funds will be available prior to issuance of purchase approval or other commitments.

The financial statements meet requirements as set forth by the Governmental Accounting Standards Board (GASB) and with Generally Accepted Accounting Principles (GAAP) as applied to government units.

County Funds Financial Analysis

Major Funds – Cassia County’s major funds are the general maintenance and operation funds for the county. The two allowable major funds which include the key departments for functioning of the county for fulfilling that political subdivision’s statutory duties are the **Current Expense Fund** and the **Justice Fund**. They include the county financial obligations for employee wages and salaries, health benefits, retirement benefits, term life insurance, worker’s compensation, liability and unemployment insurance, bonding, and operational expenditures.

Following is a comparative of beginning and ending balances from FY2016 and FY2017:

Remaining Cash Balance

	<u>Ending FY2016</u>	<u>Ending FY2017</u>	<u>Difference</u>	<u>Change</u>
Current Expense Fund:	\$2,164,352.76	\$2,121,89.41	(\$42,663.35)	-1.97%
Justice Fund:	\$743,122.16	\$745,855.76	\$2,733.60	+0.37%

This gives an indication of fiscal measures that would be prudent in going forward with management and implementation regarding future allocations. Escalating increases in Current Expense Fund balances coupled with continued decreases in Justice Fund balances were reduced at this budget officer’s recommendations for FY2017. That has not only mitigated Current Expense Fund overfunding but has supplemented underfunding the Justice Fund. That recommendation will continue in order to reverse that anomaly for coming fiscal years.

Justice Fund yearend balances have steadily decreased, largely due to amplified court-related costs, an upsurge in criminal court cases, escalating law enforcement requests, costs of incarceration, and what could be better managerial oversight of expenditures differentiating needs from wants. There remains elevated costs for needed security, maintenance, aging equipment, competitive wages and salaries for retaining of personnel, and heavy upper management costs at the Mini-Cassia Criminal Justice Center. The Supreme Court’s implementation of new enterprise software, Tyler Technologies’ Odyssey Court Management solution plus going to a paperless work environment for all court cases was set to go live the first week of FY2018. That too will also press levy funding to the maximum limits with the Justice Fund into the foreseeable future.

City of Burley Law Enforcement Agreement

A contract for Cassia County providing law enforcement to the City of Burley has been negotiated between the two parties. That arrangement has undeniably provided financial advantages to both entities. Mutual benefits come by the minimizing of duplicated service, through reduction in costs of operating expenditures, and from the benefits derived from overall economy of scales. However, increasing differences in opinion as to the appropriate cost for both sides of the agreement has hampered the inherent benefit realized by both parties. Waning trust and difference of opinions may jeopardize that agreement if not mitigated. FY2017 was included in a two-year contract, thus negotiations did not take place, but rather a continuance of the existing agreement.

Budgeting each year is a fluid process for that agreement. It includes ongoing variables in calculations as per cost. Employees with seniority retire or quit and are replaced with entry level officers. POST training levels and frequency varies with each officer based on requirements. Fuel prices are volatile and comprise a large part of overall costs. Levels of crime, patrol needs, infractions, costs of conducting business, and general law enforcement vary by need and by management style. Most critical to the Auditor’s Office is that those service costs are required to balance with levying power, carryover reserve balances, overall county budget constraints, and needs of all other statutorily-required services.

Every service requires a balance collectively to stay within constraints of identifiable revenues which are continually decreasing with very limited ability to generate income.

It is increasingly difficult to financially manage the fluid needs of law enforcement through the course of a year with all these volatile factors in play. Concerns were expressed from the City of Burley regarding documentation for accountability. They and the board determined to break out costs of conducting services for the contract with the City of Burley from that of the rest of county law enforcement. Sheriff Heward was instructed to allocate costs related directly to law enforcement within the Burley city limits directly to city expenditure line items to gain a more accurate view of actual costs. Even so, accounting is difficult in differentiating every cost that pertains to county-obligated services and that which is specific to city-related services. City resident property owners are already taxed for basic justice-related services of the county. That includes operations, support, and administering all levels of court requirements, misdemeanor probation, the jail, public defense, felony prosecution, basic felony law enforcement services, and costs of liability management for property and personnel. The contract with the City of Burley is for enhanced services that would normally be provided by a municipal police service department. Questions are difficult to define regarding levels of cost pertaining to dispatch, 9-1-1, the buffer zone between the City of Burley and the balance of the county, crossover and differentiation between the two entities, and levels of service required.

This budget officer continues to see the inherent benefit financially and otherwise for keeping this unique contract in place. It has been perceived by some that it is a partnership. That is correct from the standpoint of cooperation and meeting the needs of both parties. In business structure, accounting, and legally, it is not a partnership. It is a contractual agreement. As such, for more predictable ability and to be fair to both parties, my recommendation remains that the Board of Commissioners, as the vendor providing a service should examine all aspects of needs of the City of Burley and compare that with the overall costs of conducting City of Burley-related services, determine the level of each and every related cost required and expected to accomplish the expectations of the contract, and offer those services for the amount they determine is required to conduct those services. If that is acceptable to the City of Burley, the agreement should continue. On the contrary, if it is not acceptable, neither party to the contract should suffer financially. In that event, it clearly wouldn't be prudent for the City of Burley to be expected to carry forward. They then could conduct the level of law enforcement-related services as desired in the manner nearly all municipalities do in the State of Idaho to meet those needs.

In summary, there still remains a concern that all Dispatch costs are born by Cassia County and there are no longer any allocations of cost to the City of Burley even though services are rendered which the City of Burley would be required to fund if they were not in a contractual agreement with the County. Additionally, there remains concerns of costs of personnel liability, insurance coverage through ICRMP, deductibles on insurance coverage for City-related services, and tort claims against the county and subsequent increases in insurance premiums that are solely born by Cassia County.

Legal Expenditures for CAFO Permitting

During FY2017, unanticipated legal expenditures in the amount of \$79,673.75 were paid to outside counsel, Spink Butler, LLP of Boise. Cassia County Planning and Zoning Board denied an application of East Valley Cattle, Co. to convert a feedlot to a dairy operation. When brought to the Board of County Commissioners and after much deliberation and advice from counsel, the denial was overturned and permitting for their dairy operation proposal was approved. Germane to that approval was a process of amendments and clarifications to Cassia County Code at the advice of counsel.

Amendments to the FY2017 Budget

Amendments by resolution of the Board of County Commissioners for FY2017 included the following:

- Law Enforcement Building (increase of \$12,000.00)
 - Unforeseen building expenses due to utility costs and facility repairs
- Cassia County Road and Bridge (increase of \$101,600.00)
 - Unforeseen expenses for emergency expenses related to labor, operating materials, vehicle expenses, and culvert repair from flooding
- Emergency Medical Services (increase of \$3,000.00)
 - Allocation of dedicated fund balances for costs relating to EMS personnel immunizations
- Cassia County Benefits Trust (increase of \$189,000.00)
 - Allocation of reserves to pay for unbudgeted obligations of employee benefit expenses
- Payment in Lieu of Taxes (increase of \$549,200.00)
 - Unbudgeted revenue from actual receipt of funds from the Federal government
- Payment in Lieu of Taxes (decrease of \$170,000.00)
 - Allocation of funds to meet amended budget needs

Budget Officer Conclusions

It is the opinion and feelings of this budget officer that current economic and financial situations not only warrant but continue to require sensible reductions in expenditures in all feasible areas of non-required or non-mandated services and personnel. The fund balances for the Current Expense Fund and the Justice Fund are projected to experience even further depletion if additional measures are not taken.

I recommend continued diligence from the governing authority, the Board of County Commissioners, to continue taking necessary steps to scrutinize spending as the authorizing body. Decreased funding that is anticipated in the future from both the federal and state resources should require all optional services and personnel expenses to be seriously evaluated for elimination prior to a financial dilemma rather than as a result of one. Prudent spending is mandatory to insure deliverance of required County services and to minimize the potential necessity of workforce reductions.

In the past, the receipt of fully funded PILT has been a tremendous boost to the fund balances to allow response to emergencies that may occur during the year. Loss of that funding would clearly and obviously compromise conducting business as usual, would erode fund balances, and could potentially put the county at risk in making budget adjustments immediately after such event would occur. It continues to be even more paramount than ever that the Board of Commissioners make a continued concentrated effort in establishing, as well as holding, to the confines of a realistic approved budget and conscientiously review revenue flows to make certain the funds budgeted to receive are in actuality received. When those funds are not received, attendant decreases in expenditure must accompany the shortfall. Department heads need to monitor spending and be frugal with purchases of items that are not operationally essential, which will assist in providing carryover fund balances to be available during the first quarter of the subsequent fiscal year when revenues are scarce.

Cassia County does not have a fixed salary scale with grades and steps, although the budget officer has in the past, and will continue in the future, recommend such. At the request of the Board of Commissioners, the Auditor's Office has suspended continued research for consideration of a grade and step method for employee compensation equity. In our opinion that has not be a prudent move as ongoing rate of pay changes are requested that would be put in check if a step and grade grid were implemented and followed.

The County has a superior partially self-funded benefits package. Increased employee participation will continue to be necessitated by the ever-increasing costs to provide health insurance coverage and for astronomical healthcare costs. Additionally, the reserve fund balance to meet those county obligations has improved significantly in meeting future healthcare-related obligations. The

Benefits Trust Fund has maintained near a \$1.5 million balance, an improvement from total depletion just a few short years ago. This budget officer continues to recommend an enhanced willingness of the Board of Commissioners to place all options on the table with the services and workforce of the County to decrease costs and for appropriate accountability to the taxpayers of Cassia County.

Attached as **EXHIBIT 1** is the Auditor's Office updated possibilities for consideration for FY2017. That merely identifies possibilities to consider and **are not** recommendations.

Idaho Law allows counties to levy for 3% over the highest of the last 3 years non-exempt property tax budget; plus New Construction roll values times the previous year's non-exempt tax levy; plus value of property newly annexed in the previous year times the previous year's non-exempt levy; plus any recaptured foregone amount; minus agricultural equipment exemption replacement and property tax relief monies.

The non-property tax portion of the budget has no percentage limit; however, it is limited to the anticipated increase of the other revenues.

This budget officer continues to recommend the Board of Commissioners require detailed justification and appropriate deliberations from any department requesting increases in personnel costs and operating expenditures.

Grant funding in each area has decreased yet a modest PILT fund balance increase showed positive progress for FY2017. A focus for FY2018 will be to continue with internal operational and funding auditing of certain functions of a few departments, verification of all contracted obligations of the county, required documentation of all expenditures relating to petty cash and credit cards, and timely response from all department heads to accomplish this. The Auditor's Office procedures will be for appropriately applying relevant accounting principles and standards, to refine applicable tax rule compliance, and to recommend adoption of sound best practices to accomplish such.

Establishment of a Procurement Policy has been encouraged by the Auditor's Office to assure sensible and sound bidding processes to mitigate overspending that could occur without such. Current Cassia County purchasing procedures enumerated by the Personnel Policy Handbook could be enhanced and clarified to solidify best practices. Inventory procedures with the Auditor's office have improved appreciably with more precise reporting and a more accurate record of the inventory of each department for better internal control. Each department head conducts an annual inventory of the department property and returns the completed inventory listing, including any changes of that listing to the Auditor's Office. There is also an inventory update sheet which is used for additions, deletions, retired and moved inventory items. These inventory lists and updated sheets are kept as a permanent record of County property and that property's attendant expenditures. This is in compliance with the requirements of GASB 34 and procedures are, and will continue to be implemented, to improve that process.

The County relies considerably on the payment of property taxes and consistently receives in excess of a 90% tax collection. This is imperative to the funding of legitimate County expenditures and to the elected officials and employees who are expected to do their best to provide a superior service to the public. The Assessor's Office has been required to resolve only a small number of Protests of Valuation of Property Tax Assessments during the annual Board of Equalization hearing period. The Board of Commissioners hears appeals during the Board of Equalization hearing period which has experienced minimal requirements of the Board. Cassia County appraisers continue the challenge of revaluation of properties to a fair value relative to the market. The challenge continues to be that there are people who have occupied the same property for long periods of time, possibly on fixed incomes, who continue to have property tax increases even with the homeowner's exemptions and circuit breaker benefits. Personal property taxation will continue to be a major item of discussion for continued elimination of all or additional portions of personal property taxes.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances. Any questions or request for additional information should be directed to the Cassia County Clerk.

Respectfully Submitted,

A handwritten signature in black ink that reads "Joseph W. Larsen". The signature is written in a cursive, flowing style.

Joseph W. Larsen

Cassia County Clerk

ex-officio Auditor

1459 Overland Avenue, Room 106

Burley, Idaho, 83318

(208) 878-5231

cassiaclerk@cassiacounty.org

(EXHIBIT 1)

Potential Alternatives for Increasing Revenue and Decreasing Expenditures

~ Fiscal Year 2017 Budget Recommendation Revisions ~

1. Considerations with the City of Burley Law Enforcement Agreement to include:
 - a. Establishment of reasonable but realistic costs of risk exposure associated with tort claim liabilities, insurance premium cost increases, and deductible payments
 - b. A buffer or margin to cover potential costs associated with volatile fuel costs
 - c. Multiple-year contract with realistic increases each year to parallel actual costs, historical expenditure increases, department-requested budget increases above historical amounts, and payroll-associated overtime and rate of pay increases
 - d. Re-establishment of reasonable costs associated with city-required dispatch
2. Audit of process, allocation, and accuracy of the Mini-Cassia Criminal Justice Center Inmate Census breakout between Minidoka County and Cassia County
3. Citations for offenses in lieu of incarceration when reasonably prudent
4. Reduction of workforce, consolidation of duties, and more specific job descriptions wherever plausible with County employees
5. Implementation of a step and grade employee compensation across the County for rate of pay equalization and standardization
6. Simplify and standardize all County Employee pay where possible
7. Consolidate current accrued time accumulations into base salary pay for all exempt employees or convert those employees to non-exempt status to carry forward with time clock tracking and overtime.
8. Revise Comp Time policy to avoid excessive payouts upon termination of employment and to not carry employee Comp Time balances across fiscal years.
9. Budget for and not exceed allowable Comp Time by department
10. Re-visit implementation of a comprehensive County Vehicle Use Policy
11. Attrition of select employee positions upon termination of employment
12. Offering of severance package for select employees nearing retirement
13. Reconsideration of staffing non-statutorily required positions
14. Revise Sick Bank Policy
15. Incorporation of certifications and other requirements within Job Descriptions and inclusion in grade base pay for those items
16. Consider all possible County-related Work Release possibilities for incarcerated individuals
17. Establish a work program with County grounds and property maintenance using incarcerated individuals
18. Encourage formation of a Highway District for County maintained roads and bridges

19. Evaluate processes with all appropriate stakeholders regarding citations, arrests, felony versus misdemeanor charges, incarcerations, probation, prosecution, sentencing, and releasing offenders on their own recognizance to ascertain and explain the wide differences between Minidoka and Cassia County
20. Consider Purchase Order System for purchase approvals
21. Adopt a defined Procurement Policy that all departments and elected officials must follow
22. Implement Reserve Contingent Fund for the Justice Fund to ensure carryover balances
23. Evaluate County financial reserve balances and investments
24. Evaluate the benefit and necessity of all employee training, meetings, and travel

BASIC FINANCIAL STATEMENTS

CASSIA COUNTY

Statement of Net Position
September 30, 2017

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
ASSETS				
Cash and Investments	\$ 9,833,213	\$ 8,327,561	\$ 191,332	\$ 173,510
Receivables:				
Taxes	260,992	239,727	-	-
Other	7,582	9,685	17,767	22,700
Prepaid Expenses	90,479	86,171	-	-
Due From Other Governments	-	-	-	-
Inventory - Note 1	-	-	-	-
Restricted Assets:				
Cash	-	-	-	-
Taxes Receivable	-	-	-	-
Capital Assets - Note 3:				
Land	1,667,051	1,667,051	-	-
Other Capital Assets, Net of Depreciation	5,496,119	5,268,817	14,126	21,810
Other Assets	-	-	-	-
Total assets	<u>17,355,436</u>	<u>15,599,012</u>	<u>223,225</u>	<u>218,020</u>
DEFERED OUTFLOWS OF RESOURCES				
Pension Obligations	649,352	2,202,103	-	-
Total deferred inflows of resources	<u>649,352</u>	<u>2,202,103</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Vouchers Payable and Accrued Liabilities	816,562	521,444	41,942	20,147
Interest Payable	-	-	-	-
Compensated Absences Payable	322,472	282,775	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Net Pension Liability	3,126,013	3,980,432	-	-
Total liabilities	<u>4,265,047</u>	<u>4,784,651</u>	<u>41,942</u>	<u>20,147</u>
DEFERED INFLOWS OF RESOURCES				
Employer Pension Assumption	427,098	1,439,504	-	-
Total deferred inflows of resources	<u>427,098</u>	<u>1,439,504</u>	<u>-</u>	<u>-</u>
NET POSITION				
Invested in Capital Assets, net of related debt	7,163,170	6,935,868	14,126	21,810
Restricted for:				
Jail Operations/Benefit of Inmates	553,154	63,472	-	-
County Employee Benefits	17,878	152,349		
Special Revenue Purposes	4,361,422	3,652,985		
Unrestricted	1,217,019	772,286	167,157	176,063
Total Net Position	<u>\$ 13,312,643</u>	<u>\$ 11,576,960</u>	<u>\$ 181,283</u>	<u>\$ 197,873</u>

See accompanying notes to the financial statements.

Statement of Activities
For the Year Ended September 30, 2017

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet Governmental Funds September 30, 2017

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2017	Total Govt Funds 2016
ASSETS								
Cash and investments	\$ 2,119,533	\$ 553,164	\$ 363,009	\$ 745,856	\$ 2,106,039	\$ 3,945,612	\$ 9,833,213	\$ 8,327,561
Receivables:								
Taxes	56,909	-	39,112	110,312	-	54,658	260,992	239,727
Other	-	-	-	-	-	7,582	7,582	9,685
Prepaid expenses	90,479	-	-	-	-	-	90,479	86,171
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	22,699	-	-	-	-	245,519	268,218	45,174
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 2,289,621	\$ 553,164	\$ 402,121	\$ 856,168	\$ 2,106,039	\$ 4,253,371	\$ 10,460,485	\$ 8,708,318
LIABILITIES								
Liabilities:								
Vouchers payable	\$ 129,067	\$ -	\$ 16,500	\$ 180,526	\$ -	\$ 368,187	\$ 694,280	\$ 454,746
Accrued liabilities	10,907	10	-	18,465	-	92,900	122,282	66,698
Due to other funds	-	-	-	-	-	268,218	268,218	45,174
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	139,974	10	16,500	198,991	-	729,305	1,084,780	566,618
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Property Taxes	52,548	-	35,345	101,804	-	50,415	240,112	218,609
Total deferred inflows of resources	52,548	-	35,345	101,804	-	50,415	240,112	218,609
Fund Balance:								
Restricted	-	553,154	-	-	-	5	553,159	63,477
Committed	-	-	-	-	-	936,985	936,985	-
Assigned	-	-	350,276	555,373	-	2,536,661	3,442,310	4,114,578
Unassigned	2,097,099	-	-	-	2,106,039	-	4,203,138	3,745,036
Total fund balances	2,097,099	553,154	350,276	555,373	2,106,039	3,473,651	9,135,592	7,923,091
Total liabilities, deferred inflows of resources and fund balances	\$ 2,289,621	\$ 553,164	\$ 402,121	\$ 856,168	\$ 2,106,039	\$ 4,253,371	\$ 10,460,485	\$ 8,708,318

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities September 30, 2017

Total Governmental Fund Balances		\$ 9,135,592
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,163,170
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		240,112
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds		
Note Payable to Southern Idaho Regional Solid Waste District		-
Accrued Interest Payable		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(3,448,485)
Balances at September 30, 2016:		
Deferred outflows of resources pension expense	490,860	
Deferred outflow of 2016 employer contributions	<u>158,492</u>	
		649,352
Deferred inflows or resources related to pensions.		<u>(427,098)</u>
Net Position of Governmental Activities		<u>\$ 13,312,643</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds Year Ended September 30, 2017

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2017	Total Govt Funds 2016
Revenues:								
Taxes - property	\$ 1,488,388	\$ -	\$ 565,340	\$ 2,530,745	\$ -	\$ 1,451,917	\$ 6,036,390	\$ 5,735,682
Taxes - sales and other	531,060	-	-	814,572	-	328,010	1,673,642	1,517,915
Payment in lieu of taxes	-	-	-	-	2,249,199	-	2,249,199	2,363,900
Fees and fines	636,628	991,976	-	203,312	-	1,363,758	3,195,674	2,916,524
Intergovernmental	19,464	888,927	-	1,565,197	-	2,988,768	5,462,356	5,604,193
Interest	51,812	-	-	-	-	3,737	55,549	50,121
Grants and miscellaneous	45,110	7,479	-	97,394	-	378,406	528,389	446,681
Total revenues	2,772,462	1,888,382	565,340	5,211,220	2,249,199	6,514,596	19,201,199	18,635,016
Expenditures:								
General government	3,256,717	-	-	-	-	2,823,372	6,080,089	5,678,625
Indigent Assistance	-	-	-	-	-	484,423	484,423	374,099
Highways and roads	-	-	-	-	-	406,498	406,498	301,007
Public safety	-	-	-	7,895,249	-	1,065,685	8,960,934	9,492,673
Other public service	-	-	602,044	-	-	957,756	1,559,800	1,615,343
Culture and recreation	-	-	-	-	-	381,155	381,155	74,545
Debt Service	-	-	-	-	-	-	-	-
Total expenditures	3,256,717	-	602,044	7,895,249	-	6,118,889	17,872,899	17,536,292
Excess of rev over(under) expend	(484,255)	1,888,382	(36,704)	(2,684,029)	2,249,199	395,707	1,328,300	1,098,724
Other financing sources (uses)								
Transfers in	658,157	1,465,141	-	4,150,652	-	684,724	6,958,674	7,002,467
Transfers out	(283,988)	(2,863,841)	-	(1,431,168)	(1,681,011)	(814,466)	(7,074,474)	(7,118,267)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other fin sources(uses)	374,169	(1,398,700)	-	2,719,484	(1,681,011)	(129,742)	(115,800)	(115,800)
Net change in fund balances	(110,086)	489,682	(36,704)	35,455	568,188	265,965	1,212,500	982,924
Fund balance - beginning	2,207,185	63,472	386,980	519,918	1,537,851	3,207,686	7,923,092	6,940,168
Fund balance - ending	\$ 2,097,099	\$ 553,154	\$ 350,276	\$ 555,373	\$ 2,106,039	\$ 3,473,651	\$ 9,135,592	\$ 7,923,092

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 1,212,500

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 as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:

Fixed asset additions	\$ 643,965	
Depreciation expense	<u>(416,693)</u>	
		227,272

Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.

Difference in gain or loss on sale of capital assets	34
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Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

21,500

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Repayment of loan principal	-
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In the statement of activities, compensated absences are accrued at year end, whereas in government funds, compensated absences are expensed when due.

(39,697)

In the Governmental Funds, pension contributions are considered an expense, while on the statement of activities the contributions are considered a deferred outflow

-

In the Governmental Funds, benefits earned net of employee contributions is not recognized as revenue.

314,073

Change in Net Position of Governmental Activities

\$ 1,735,682

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2017

	Original Budget	Final Budget	2017 Actual	Variance with Final Budget: Favorable (Unfavorable)	2016 Actual
Revenues:					
Taxes - property	\$ 1,456,585	\$ 1,456,585	\$ 1,488,388	\$ 31,803	\$ 1,642,997
Taxes - sales and other	500,000	506,000	531,060	25,060	547,333
Fees and fines	466,120	466,120	636,628	170,508	553,308
Intergovernmental	15,000	15,000	19,464	4,464	19,041
Interest	35,000	35,000	51,812	16,812	48,407
Grants and miscellaneous	25,776	25,776	45,110	19,334	54,235
Total revenues	2,498,481	2,504,481	2,772,462	267,981	2,865,321
Expenditures:					
General government:					
Commissioners	144,451	144,451	138,319	6,132	137,379
Auditor	230,310	230,310	201,504	28,806	211,974
Treasurer	195,051	195,051	189,213	5,838	186,379
Assessor	409,250	409,250	386,201	23,049	393,921
Public Defender	585,495	585,495	579,563	5,932	
Ag. extension	195,014	195,014	188,763	6,251	188,931
Buildings	379,356	379,356	285,390	93,966	302,130
Judicial Center	43,500	43,500	25,804	17,696	24,393
Board of health	122,878	122,878	122,878	-	120,776
Planning and zoning	193,221	193,221	175,078	18,143	209,170
General	493,800	493,800	468,861	24,939	391,262
Civil defense	43,727	43,727	39,845	3,882	39,034
Elections	154,098	154,098	113,971	40,127	107,725
Law Enforcement Building	26,500	32,500	30,485	2,015	31,235
County Administration	323,004	323,004	298,482	24,522	303,281
Veterans officer	12,510	12,510	12,360	150	11,850
Total expenditures	3,552,165	3,558,165	3,256,717	301,448	2,659,440
Excess of rev over(under) expend	(1,053,684)	(1,053,684)	(484,255)	569,429	205,881
Other financing sources (uses):					
Transfers in	665,495	665,495	658,157	(7,338)	75,903
Transfers out	-	-	(283,988)	(283,988)	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	665,495	665,495	374,169	(291,326)	75,903
Net change in fund balances	(388,189)	(388,189)	(110,086)	278,103	281,784
Fund balance - beginning	2,207,185	2,207,185	2,207,185	-	1,925,401
Fund balance - ending	\$ 1,818,996	\$ 1,818,996	\$ 2,097,099	\$ 278,103	\$ 2,207,185

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Jail Trust - Special Revenue Fund Year Ended September 30, 2017

	Original Budget	Final Budget	2017 Actual	Variance with Final Budget: Favorable (Unfavorable)	2016 Actual
Revenues:					
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	726,460	726,460	991,976	265,516	815,993
Intergovernmental	888,927	888,927	888,927	-	638,702
Grants and miscellaneous	9,000	9,000	7,479	(1,521)	9,152
Total revenues	1,624,387	1,624,387	1,888,382	263,995	1,463,847
Expenditures:					
Public safety:					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,624,387	1,624,387	1,888,382	263,995	1,463,847
Other financing sources (uses):					
Transfers in	1,466,168	1,466,168	1,465,141	(1,027)	1,296,831
Transfers out	(3,169,148)	(3,169,148)	(2,863,841)	305,307	(2,873,328)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,702,980)	(1,702,980)	(1,398,700)	304,280	(1,576,497)
Net change in fund balances	(78,593)	(78,593)	489,682	568,275	(112,650)
Fund balance - beginning	63,472	63,472	63,472	-	176,122
Fund balance - ending	\$ (15,121)	\$ (15,121)	\$ 553,154	\$ 568,275	\$ 63,472

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Solid Waste - Special Revenue Fund Year Ended September 30, 2017

	Original Budget	Final Budget	2017 Actual	Variance with Final Budget: Favorable (Unfavorable)	2016 Actual
Revenues:					
Taxes/use fees	\$ 570,000	\$ 570,000	\$ 565,340	\$ (4,660)	\$ 567,301
Miscellaneous	-	-	-	-	-
Total revenues	570,000	570,000	565,340	(4,660)	567,301
Expenditures:					
Landfill costs	605,044	605,044	602,044	3,000	599,082
Risk Management & Insurance	-	-	-	-	-
Remote Site Collection	-	-	-	-	-
Total expenditures	605,044	605,044	602,044	3,000	599,082
Excess of rev over(under) expend	(35,044)	(35,044)	(36,704)	(1,660)	(31,781)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	-	-	-	-	-
Net change in fund balances	(35,044)	(35,044)	(36,704)	(1,660)	(31,781)
Fund balance - beginning	386,980	386,980	386,980	-	418,761
Fund balance - ending	\$ 351,936	\$ 351,936	\$ 350,276	\$ (1,660)	\$ 386,980

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Justice - Special Revenue Fund Year Ended September 30, 2017

	Original Budget	Final Budget	2017 Actual	Variance with Final Budget: Favorable (Unfavorable)	2016 Actual
Revenues:					
Taxes - property	\$ 2,453,228	\$ 2,453,228	\$ 2,530,745	\$ 77,517	\$ 2,617,959
Taxes - sales and other	900,000	900,000	814,572	(85,428)	822,220
Fees and fines	172,300	172,300	203,312	31,012	200,638
Intergovernmental	1,564,860	1,564,860	1,565,197	337	1,533,636
Grants and miscellaneous	64,500	64,500	97,394	32,894	43,727
Total revenues	5,154,888	5,154,888	5,211,220	56,332	5,218,180
Expenditures:					
Public safety:					
Discretionary Compensation	18,000	18,000	2,365	15,635	-
District Court	444,320	444,320	434,624	9,696	465,219
Conflict Public Defender	-	-	-	-	159,798
Juvenile Probation	158,900	158,900	152,013	6,887	154,995
Prosecuting attorney	480,276	480,276	442,532	37,744	443,840
Public defender	-	-	-	-	532,205
Coroner	61,567	61,567	50,950	10,617	53,415
Sheriff patrol	808,615	808,615	751,093	57,522	1,769,043
Investigations	165,414	165,414	161,550	3,864	395,374
Dispatch	495,387	495,387	477,320	18,067	480,845
Administration	676,255	676,255	685,309	(9,054)	597,651
Detention center	3,169,148	3,169,148	2,861,897	307,251	2,873,328
Juvenile detention center	395,492	395,492	368,036	27,456	510,568
Sheriff Patrol - Burley	1,187,923	1,187,923	1,200,077	(12,154)	-
Investigations - Burley	242,071	242,071	222,708	19,363	-
Administration - Burley	83,166	83,166	84,775	(1,609)	-
Total expenditures	8,386,534	8,386,534	7,895,249	491,285	8,436,281
Excess of rev over(under) expend	(3,231,646)	(3,231,646)	(2,684,029)	547,617	(3,218,101)
Other financing sources (uses):					
Transfers in	4,455,959	4,455,959	4,150,652	(305,307)	5,088,644
Transfers out	(1,431,168)	(1,431,168)	(1,431,168)	-	(1,540,987)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	3,024,791	3,024,791	2,719,484	(305,307)	3,547,657
Net change in fund balances	(206,855)	(206,855)	35,455	242,310	329,556
Fund balance - beginning	519,918	519,918	519,918	-	190,362
Fund balance - ending	\$ 313,063	\$ 313,063	\$ 555,373	\$ 242,310	\$ 519,918

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual PILT - Expendable Trust Fund Year Ended September 30, 2017

	Original Budget	Final Budget	2017 Actual	Variance with Final Budget: Favorable (Unfavorable)	2016 Actual
Revenues:					
Payment in lieu of taxes	\$ 1,700,000	\$ 2,249,200	\$ 2,249,199	\$ (1)	\$ 2,363,900
Miscellaneous	-	-	-	-	211,000
Total revenues	1,700,000	2,249,200	2,249,199	(1)	2,574,900
Expenditures:					
Other public service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,700,000	2,249,200	2,249,199	(1)	2,574,900
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,950,000)	(2,120,000)	(1,681,011)	438,989	(1,907,006)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,950,000)	(2,120,000)	(1,681,011)	438,989	(1,907,006)
Net change in fund balances	(250,000)	129,200	568,188	438,988	667,894
Fund balance - beginning	1,537,851	1,537,851	1,537,851	-	869,957
Fund balance - ending	<u>\$ 1,287,851</u>	<u>\$ 1,667,051</u>	<u>\$ 2,106,039</u>	<u>\$ 438,988</u>	<u>\$ 1,537,851</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Fiduciary Net Position
Agency Funds
September 30, 2017

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 671,832
Other Assets	-
Total assets	671,832
LIABILITIES	
Vouchers Payable and Accrued Liabilities	608,051
Deferred Revenue	-
Total liabilities	608,051
NET POSITION	
Held in Trust	63,780
Total Net Position	\$ 63,780

See accompanying notes to the financial statements.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cassia County have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A description of the reporting entity and the significant accounting policies of the County is as follows:

A. Reporting Entity

These financial statements present Cassia County (the primary government) and the Cassia County Fair Board (the County's component unit). The primary government includes all funds, departments, boards and agencies for which the County elected officials are financially accountable and are not legally separate from the County. The component unit is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

The three member Board of County Commissioners is the legislative and executive body of the County. The County Clerk also serves as Auditor and Recorder, and is the chief fiscal officer. Other elected officials include the Assessor, Prosecutor, Sheriff, Coroner and Treasurer, who also serves as Tax Collector.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government and component unit.

The statement of net position presents the financial condition of the governmental activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. Currently, all of the funds are either governmental or fiduciary type funds, and the County has no proprietary type funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

The County reports the following major governmental funds:

General Fund (Current Expense Fund)

The General Fund 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.

Jail Trust

The Jail Trust Fund accounts for the revenue generating activities of the County jail.

Solid Waste Fund

The Solid Waste Fund accounts for the County's activities related to the regional landfill.

Justice Fund

The Justice Fund accounts for the law enforcement activities of the County.

Payment in Lieu of Taxes Fund (PILT)

The PILT Fund accounts for the in-lieu-of taxes received from the federal government.

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the County are all classified as agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

E. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County has no deposit policy for custodial credit risk. At year end, \$6,468,239 of the County's bank balance, including amounts held in agency funds, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (years)</u>
Idaho State Local Government Investment Pool	\$ 606,082	0.42
CD's and Federal Government Agency Bonds	1,941,053	2.23
Total Fair Value	\$ 2,547,135	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Idaho State Investment Pool is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as "Investment in an External Investment Pool" and is exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The Federal Government Agency Bonds are subject to custodial credit risk to the extent that the combined balance exceeds \$500,000 because the related securities are uninsured (when in excess of the SIPC limit of \$500,000), unregistered and held by a third party which is the counterparty for these particular investments. These are categorized as Level 2 investments.

CASSIA COUNTY

Notes to Financial Statements September 30, 2017

Credit Risk: The County's policy is to comply with Idaho State statutes which authorize the County to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

F. Inventory

Inventories at year end are considered immaterial and have not been accounted for.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Infrastructure	10-45 years
Equipment	3-10 years

H. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences. See note 4.

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets.

I. Budgets and Budgetary Accounting

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

1. Prior to August 1, the County Auditor's office, after consultation with the various department heads, submits to the county commissioners a proposed operating budget for the fiscal year commencing the following October
1. The operating budget includes proposed expenditures and the means of financing them.
2. At the regular commissioner's meeting on the 1st Monday in August the tentative budget is submitted to the commissioners and cleared for publication and public comment.
3. A public hearing is held at the regular commissioners' meeting on the 1st Monday in September.
4. The budget is finalized and legally adopted on the 2nd Monday in September.
5. Revisions to the budget can only be made by court order, public hearing or certain emergencies as defined by law. The budgetary data presented in the accompanying financial statements has been amended following these procedures.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds.

The basis of accounting used in preparing the budgets of the County are generally consistent with the basis of accounting used in other financial reporting used by the County.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

- J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
A liability for accumulated unpaid vacation and sick pay is reflected on the Statement of Net Position as Compensated Absences Payable.
- K. Encumbrances
Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.
- L. Fund Balance Reporting
The County has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The County reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the County can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Commissioners. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Board of Commissioners, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Board has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Application of Restricted or Unrestricted Resources

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: PROPERTY TAXES

Property taxes are levied on the fourth Monday of November and are payable in two equal installments - December 20 and June 20. Property taxes attach as an enforceable lien on the property immediately upon delinquency. The County assesses, bills and collects its own property taxes as well as taxes for several school districts, cities, highway districts, fire districts, cemetery districts, two small special districts, two flood control districts and a library district. Collection of the County taxes and remittance of them to the various districts are accounted for in the Cassia County Tax Collector Agency Fund and the Taxing District Agency Fund. Property tax revenues are recognized when levied to the extent that they result in current receipts.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/16	Additions	Deletions	Balance 9/30/17
<u>Governmental Activities</u>				
Cost / Historical Value:				
Land (non-depreciable)	\$ 1,667,051	\$ -	\$ -	\$ 1,667,051
Buildings	5,602,825	22,000	(29,583)	5,595,242
Improvements other than buildings	134,366	263,007	-	397,373
Construction in Process	-	-	-	-
Infrastructure assets	9,545,477	-	-	9,545,477
Equipment/Vehicles	4,428,366	358,958	(446,295)	4,341,029
Total	21,378,085	643,965	(475,878)	21,546,172
Accumulated Depreciation:				
Buildings	2,459,284	121,831	(29,583)	2,551,532
Improvements other than buildings	81,501	16,378	-	97,879
Infrastructure assets	9,475,930	19,616	-	9,495,546
Equipment/Vehicles	2,425,472	258,868	(446,295)	2,238,045
Total	14,442,187	416,693	(475,878)	14,383,002
Net Book Value:				
Land (non-depreciable)	1,667,051	-	-	1,667,051
Buildings	3,143,541	(99,831)	-	3,043,710
Improvements other than buildings	52,865	246,629	-	299,494
Construction in Process	-	-	-	-
Infrastructure assets	69,547	(19,616)	-	49,931
Equipment/Vehicles	2,002,894	100,090	-	2,102,984
Total	\$ 6,935,898	\$ 227,272	\$ -	\$ 7,163,170

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

Component Unit

Cost / Historical Value:

Land (non-depreciable)	\$	-	\$	-	\$	-	\$	-
Equipment/Vehicles		125,470		-		-		125,470
Total		125,470		-		-		125,470

Accumulated Depreciation:

Equipment/Vehicles		103,660		7,684		-		111,344
Total		103,660		7,684		-		111,344

Net Book Value:

Land (non-depreciable)		-		-		-		-
Equipment/Vehicles		21,810		(7,684)		-		14,126
Total	\$	21,810	\$	(7,684)	\$	-	\$	14,126

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1. Infrastructure assets consist mainly of roads and bridges.

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	\$	82,987
Highways and Roads		17,520
Public Safety		234,158
Other Public Service		58,397
Culture & Recreation		23,631
Total Governmental Activities Depreciation	\$	416,693

NOTE 4: LONG-TERM DEBT

As of September 30, 2017, the County had no long-term debt obligations to third parties.

NOTE 5: PENSION PLAN

Plan Description - The County contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits - The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

CASSIA COUNTY

Notes to Financial Statements September 30, 2017

Member and Employer Contributions - Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation for general employees and 11.66% for police and firefighters. The County's contributions were \$699,236 for the year ended September 30, 2017.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At year end, the County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the County's proportion was .1988775 percent.

For the year ended September 30, 2017, the County recognized pension expense (revenue) of (\$314,073). At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 433,051	\$ 281,627
Changes in assumptions or other inputs	57,808	
Net difference between projected and actual earnings on pension plan investments	-	187,292
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		(41,822)
City contributions subsequent to the measurement date	158,492	-
Total	<u>\$ 649,351</u>	<u>\$ 427,097</u>

The \$158,492 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016 the beginning of the measurement period ended June 30, 2016 is 4.9 years and 5.5 for the measurement period ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30, 2017	
2018	(169,941)
2019	293,690
2020	83,333
2021	(185,142)
2022	-

CASSIA COUNTY

Notes to Financial Statements September 30, 2017

Actuarial Assumptions - Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 - 10%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses	7.10%

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate - The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.1%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 7,265,497	\$ 3,126,013	\$ (314,008)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan - At September 30, 2017, the County reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

NOTE 6: LITIGATION

There is currently one case being litigated in the federal district court of Idaho. The case is being defended by the County's risk management insurer, ICRMP. Other cases of pending or threatened litigation exist, and will most likely be defended by ICRMP on behalf of the County if a lawsuit is filed or served. At this time it is not possible to determine the likelihood of an unfavorable outcome and any potential loss associated with the cases.

Four open workers compensation claims exist against the County. The County has a possibility of financial exposure in each of the cases, but the amount of the exposure is unknown at this time. All claims have been submitted and filed with, and are being handled by, the Idaho State Insurance Fund.

NOTE 8: FUND DEFICITS

As of September 30, 2017, The Fair Fund and Drug Task Force Fund had a deficit fund balance.

NOTE 8: RISK MANAGEMENT/INSURANCE COVERAGE

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred most of its risk by purchasing commercial insurance. Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. All other insurance has been purchased through ICRMP and expires October 1, but is renewed annually. The policy coverages include: Buildings, Structures and Personal Property/Automobile Physical Damage; Comprehensive General Liability; Automobile Liability; Errors and Omissions; Crime; Boiler and Machinery.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

During the year ended September 30, 2017, the Fair Fund and EMS Fees Fund had actual expenditures that exceeded budgeted expenditures.

NOTE 10: CONTINGENT LIABILITIES / COMMITMENTS

The County is contingently liable for the closure and post-closure expenses of the Southern Idaho Regional Solid Waste District, should they default. Information regarding the closure and post-closure expenses can be obtained from the general purpose financial statements of the Southern Idaho Regional Solid Waste District.

The County has entered into an agreement with Burley Highway District and Albion Highway District to share maintenance and snow removal costs associated with the Howell Canyon Road. The County is contingently liable for approximately \$65,000 per year, its share of the costs as stated in the current agreement.

The County has entered into agreements with several service providers for medical, dental, ambulance, software support, copier and consulting services. All such agreements may be cancelled by either party by written notice from between 30 to 90 days before expiration, depending on the agreement. The County is contingently liable for payments of approximately \$37,000 per month under the terms of these agreements.

The County is contingently liable to provide law enforcement services within the Burley City limits under the terms of an agreement with the City of Burley. The County has also contracted with service providers for inmate meals and prescription medicine at the Mini-Cassia Criminal Justice center. The price of the meals and medicine varies depending on the inmate population and needs. The contract terms are one year, but may be cancelled by either party with 30 days written notice.

NOTE 11: UNCOLLECTED RECEIVABLES

The financial statements do not include an accrual for billed but uncollected amounts relating to inmate housing, indigent assistance and other fees associated with law enforcement. Because the probability of collection is low, and because of the difficulty in determining a reasonable allowance, the County only records these amounts as they are collected.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2017

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2018, the audit report date. No events occurred subsequent to year end which would require an adjustment to the attached financial statements. Some roads maintained by the County suffered significant damage due to severe winter weather in 2017. The County has applied for federal assistance but remains unsure how much, if any, assistance will be granted to defray the cost of repairing the roads.

NOTE 13: DUE TO/FROM OTHER FUND

During the 2011 - 2012 fiscal year, the County Roads Fund borrowed \$132,869 from the General Fund in order to purchase a motor grader. The amount is to be repaid in six annual installments of \$22,926, which includes interest at 1%. The outstanding balance at year end was \$22,699.

During the 2016 - 2017 fiscal year, the Fair Fund borrowed \$245,519 from the Physical Facilities Fund in order to purchase bleachers for the fair grounds. The amount is to be repaid within ten years and bears interest at 1.25%. The outstanding balance at year end was \$245,519.

REQUIRED SUPPLEMENTAL INFORMATION

CASSIA COUNTY

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY SCHEDULE OF EMPLOYER'S CONTRIBUTIONS For the Year Ended September 30, 2017

Schedule of Employer's Share of Net Pension Liability PERSI - Base Plan Last 10 Fiscal Years *

	2015	2016	2017
Employer's portion of the net pension liability	0.2047823%	0.1963557%	0.1988775%
Employer's proportionate share of the net pension liability	\$ 2,696,650	3,980,432	3,126,013
Employer's covered-employee payroll	\$ 5,827,887	5,872,422	6,061,294
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	46.27%	67.78%	51.57%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%

Data reported is measured as of June 30, 2017 (measurement date)

**GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the County will present information for years which information is available.*

Schedule of Employer Contributions PERSI - Base Plan Last 10 Fiscal Years *

	2015	2016	2017
Statutorily required contribution	\$ 669,847	650,086	699,236
Contributions in relation to the statutorily required contribution	\$ 669,847	650,086	699,236
Contribution (deficiency) excess	0	0	0
Employer's covered-employee payroll	\$ 5,827,887	5,872,422	6,061,294
Contributions as a percentage of covered-employee payroll	11.49%	11.57%	11.54%

Data reported is measured as of September 30, 2017

**GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the County will present information for years which information is available.*

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
ASSETS										
Cash and investments	\$ 563,429	\$ 291,019	\$ 124,927	\$ 470,168	\$ 66,428	\$ 46,530	\$ 22,944	\$ 474,452	\$ 186,329	\$ 738,837
Receivables:										
Taxes	10,630	1,888	-	10,863	7,587	6,699	752	6,939	9,288	-
Other	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 574,059	\$ 292,907	\$ 124,927	\$ 481,031	\$ 74,015	\$ 53,229	\$ 23,696	\$ 481,391	\$ 195,617	\$ 738,837
LIABILITIES										
Vouchers payable	\$ 20,662	\$ 8,735	\$ 2,429	\$ 25,434	\$ -	\$ -	\$ -	\$ -	\$ 484	\$ 15,883
Accrued liabilities	3,013	6,683	179	512	26,517	-	-	-	-	-
Due to other funds	-	-	22,699	-	-	245,519	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	23,675	15,418	25,307	25,946	26,517	245,519	-	-	484	15,883
DEFERRED INFLOWS OF RESOURCES										
Def Inflows-Property Taxes	9,836	1,631	-	10,021	7,074	6,195	683	6,381	8,587	-
Total deferred inflows	9,836	1,631	-	10,021	7,074	6,195	683	6,381	8,587	-
FUND BALANCE										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	722,954
Assigned	540,548	275,858	99,620	445,064	40,424	(198,485)	23,013	475,010	186,546	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	540,548	275,858	99,620	445,064	40,424	(198,485)	23,013	475,010	186,546	722,954
Total liabilities, deferred inflows of resources and fund balances	\$ 574,059	\$ 292,907	\$ 124,927	\$ 481,031	\$ 74,015	\$ 53,229	\$ 23,696	\$ 481,391	\$ 195,617	\$ 738,837

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 2 of 3)
September 30, 2017

	County Elections	Boat License	Snow Mobile License	Drivers License	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force	DARE Trust	Court Facilities
ASSETS											
Cash and investments	\$ 156,888	\$ 71,942	\$ 117,665	\$ 10,905	\$ 13,982	\$ 35,141	\$ 71,535	\$ -	\$ 6,005	\$ 3,419	\$ 47,289
Receivables:											
Taxes	-	-	-	-	-	-	-	12	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 156,888	\$ 71,942	\$ 117,665	\$ 10,905	\$ 13,982	\$ 35,141	\$ 71,535	\$ 12	\$ 6,005	\$ 3,419	\$ 47,289
LIABILITIES											
Vouchers payable	\$ -	\$ 19,554	\$ 8,367	\$ 10,905	\$ -	\$ 542	\$ -	\$ -	\$ 6,005	\$ -	\$ -
Accrued liabilities	186	35	97	-	-	-	-	-	45	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	186	19,589	8,464	10,905	-	542	-	-	6,050	-	-
DEFERRED INFLOWS OF RESOURCES											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	7	-	-	-
Total deferred inflows	-	-	-	-	-	-	-	7	-	-	-
FUND BALANCE											
Restricted	-	-	-	-	-	-	-	5	-	-	-
Committed	-	52,353	109,201	-	-	34,599	-	-	-	-	-
Assigned	156,702	-	-	-	13,982	-	71,535	-	(45)	3,419	47,289
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	156,702	52,353	109,201	-	13,982	34,599	71,535	5	(45)	3,419	47,289
Total liabilities, deferred inflows of resources and fund balances	\$ 156,888	\$ 71,942	\$ 117,665	\$ 10,905	\$ 13,982	\$ 35,141	\$ 71,535	\$ 12	\$ 6,005	\$ 3,419	\$ 47,289

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 3 of 3)
September 30, 2017

	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Public Defender Trust	Federal Narc Seized Assets	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
ASSETS											
Cash and investments	\$ 6,959	\$ -	\$ 328,639	\$ 2,251	\$ 17,878	\$ 31,690	\$ 18,526	\$ -	\$ 17,098	\$ 2,737	\$ 3,945,612
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	-	54,658
Other	-	-	-	7,582	-	-	-	-	-	-	7,582
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	245,519	-	-	-	-	-	-	-	245,519
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,959	\$ -	\$ 574,158	\$ 9,833	\$ 17,878	\$ 31,690	\$ 18,526	\$ -	\$ 17,098	\$ 2,737	\$ 4,253,371
LIABILITIES											
Vouchers payable	\$ -	\$ -	\$ 228,969	\$ -	\$ -	\$ 20,218	\$ -	\$ -	\$ -	\$ -	\$ 368,187
Accrued liabilities	-	-	54,797	-	-	836	-	-	-	-	92,900
Due to other funds	-	-	-	-	-	-	-	-	-	-	268,218
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	283,766	-	-	21,054	-	-	-	-	729,305
DEFERRED INFLOWS OF RESOURCES											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	-	-	-	50,415
Total deferred inflows	-	-	-	-	-	-	-	-	-	-	50,415
FUND BALANCE											
Restricted	-	-	-	-	-	-	-	-	-	-	5
Committed	-	-	-	-	17,878	-	-	-	-	-	936,985
Assigned	6,959	-	290,392	9,833	-	10,636	18,526	-	17,098	2,737	2,536,661
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	6,959	-	290,392	9,833	17,878	10,636	18,526	-	17,098	2,737	3,473,651
Total liabilities, deferred inflows of resources and fund balances	\$ 6,959	\$ -	\$ 574,158	\$ 9,833	\$ 17,878	\$ 31,690	\$ 18,526	\$ -	\$ 17,098	\$ 2,737	\$ 4,253,371

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2017

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 307,137	\$ 23,453	\$ 44,465	\$ 342,125	\$ 185,569	\$ 169,891	\$ 16,166	\$ 149,910	\$ 213,201	\$ -
Taxes - sales and other	47,637	3,286	8,553	53,386	28,747	26,283	2,463	124,802	32,853	-
Fees and fines	1,779	201,278	4,433	38,109	1,038	968	163	2,190	1,378	271,169
Intergovernmental	-	-	210,733	-	-	-	-	80,550	-	-
Interest	-	-	-	-	-	-	-	-	-	3,737
Grants and miscellaneous	225,047	5,115	5,600	65,039	-	-	-	-	-	-
Total revenues	581,600	233,132	273,784	498,659	215,354	197,142	18,792	357,452	247,432	274,906
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	484,423	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	406,498	-	-	-	-	-	-	-
Public safety	-	-	-	-	209,906	-	-	-	-	159,507
Other public service	-	247,123	-	269,354	-	-	-	235,650	205,052	-
Culture and recreation	-	-	-	-	-	301,633	26,529	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	484,423	247,123	406,498	269,354	209,906	301,633	26,529	235,650	205,052	159,507
Excess of revenues over (under) expenditures	97,177	(13,991)	(132,714)	229,305	5,448	(104,491)	(7,737)	121,802	42,380	115,399
Other financing sources (uses)										
Transfers in	110,000	-	165,000	-	-	-	10,000	-	-	-
Transfers out	-	-	-	-	-	(115,800)	-	-	-	(78,180)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	110,000	-	165,000	-	-	(115,800)	10,000	-	-	(78,180)
Net change in fund balances	207,177	(13,991)	32,286	229,305	5,448	(220,291)	2,263	121,802	42,380	37,219
Fund balance - beginning	333,371	289,849	67,334	215,759	34,976	21,806	20,750	353,208	144,166	685,735
Fund balance - ending	\$ 540,548	\$ 275,858	\$ 99,620	\$ 445,064	\$ 40,424	\$ (198,485)	\$ 23,013	\$ 475,010	\$ 186,546	\$ 722,954

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds (continued, page 2 of 3)
Year Ended September 30, 2017

	County Elections	Boat License	Snow Mobile License	Drivers License	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force	DARE Trust	Court Facilities
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	-
Fees and fines	950	35,389	24,486	209,511	1,667	7,661	25,881	-	11,162	-	10,640
Intergovernmental	82,755	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	-	9,384	5	-	-	-	-	-	-	4,881	-
Total revenues	83,705	44,773	24,491	209,511	1,667	7,661	25,881	-	11,162	4,881	10,640
Expenditures:											
General government	69,336	-	-	209,511	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	9,647	26,417	-	7,780	5,109	-
Other public service	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	24,042	28,951	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	69,336	24,042	28,951	209,511	-	9,647	26,417	-	7,780	5,109	-
Excess of revenues over (under) expenditures	14,369	20,731	(4,460)	-	1,667	(1,986)	(536)	-	3,382	(228)	10,640
Other financing sources (uses)											
Transfers in	30,000	-	-	-	-	-	6,536	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(6,536)	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	30,000	-	-	-	-	-	6,536	-	(6,536)	-	-
Net change in fund balances	44,369	20,731	(4,460)	-	1,667	(1,986)	6,000	-	(3,154)	(228)	10,640
Fund balance - beginning	112,333	31,622	113,661	-	12,315	36,585	65,535	5	3,109	3,647	36,649
Fund balance - ending	\$ 156,702	\$ 52,353	\$ 109,201	\$ -	\$ 13,982	\$ 34,599	\$ 71,535	\$ 5	\$ (45)	\$ 3,419	\$ 47,289

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds (continued, page 3 of 3)
Year Ended September 30, 2017

	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Public Defender Trust	Federal Narc Seized Assets	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,451,917
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	328,010
Fees and fines	-	-	-	-	-	513,906	-	-	-	-	1,363,758
Intergovernmental	-	-	-	-	2,308,698	9,201	296,831	-	-	-	2,988,768
Interest	-	-	-	-	-	-	-	-	-	-	3,737
Grants and miscellaneous	-	-	20,948	41,555	-	832	-	-	-	-	378,406
Total revenues	-	-	20,948	41,555	2,308,698	523,939	296,831	-	-	-	6,514,596
Expenditures:											
General government	-	-	51,356	-	2,493,169	-	-	-	-	-	2,823,372
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	484,423
Highways and roads	-	-	-	-	-	-	-	-	-	-	406,498
Public safety	-	-	-	-	-	625,592	-	21,727	-	-	1,065,685
Other public service	-	-	-	-	-	-	-	-	577	-	957,756
Culture and recreation	-	-	-	-	-	-	-	-	-	-	381,155
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	51,356	-	2,493,169	625,592	-	21,727	577	-	6,118,889
Excess of revenues over (under) expenditures	-	-	(30,408)	41,555	(184,471)	(101,653)	296,831	(21,727)	(577)	-	395,707
Other financing sources (uses)											
Transfers in	-	-	20,000	-	50,000	9,200	283,988	-	-	-	684,724
Transfers out	-	-	-	(33,973)	-	-	(579,977)	-	-	-	(814,466)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	20,000	(33,973)	50,000	9,200	(295,989)	-	-	-	(129,742)
Net change in fund balances	-	-	(10,408)	7,582	(134,471)	(92,453)	842	(21,727)	(577)	-	265,965
Fund balance - beginning	6,959	-	300,800	2,251	152,349	103,089	17,684	21,727	17,675	2,737	3,207,686
Fund balance - ending	\$ 6,959	\$ -	\$ 290,392	\$ 9,833	\$ 17,878	\$ 10,636	\$ 18,526	\$ -	\$ 17,098	\$ 2,737	\$ 3,473,651

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2017

	Assessor Trust Fund	State Fund	Water Districts Fund	Court Trust	K-9 Expense Fund	Taxing Districts Fund	Court Bonds
ASSETS							
Cash and Investments	\$ 261,665	\$ 4,893	\$ -	\$ 57,171	\$ -	\$ 28,700	\$ 222,531
Other Assets	-	-	-	-	-	-	-
Total assets	261,665	4,893	-	57,171	-	28,700	222,531
LIABILITIES							
Vouchers Payable	216,879	4,893	-	57,157	-	28,700	3,148
Accrued liabilities	-	-	-	2,550	-	-	213,344
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	216,879	4,893	-	59,707	-	28,700	216,492
NET POSITION							
Held in Trust	44,786	-	-	(2,536)	-	-	6,039
Total Net Position	\$ 44,786	\$ -	\$ -	\$ (2,536)	\$ -	\$ -	\$ 6,039

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Position
Agency Funds (continued, page 2 of 2)
September 30, 2017

	Court Restitution	Auditor's Trust Fund	Law Enforment Trust	Box Elder Bookmobile	Sheriffs Account	Tax Collector Account	Total Agency Funds
ASSETS							
Cash and Investments	\$ -	\$ -	\$ 10,394	\$ 5,098	\$ 4,717	\$ 76,663	\$ 671,832
Other Assets	-	-	-	-	-	-	-
Total assets	-	-	10,394	5,098	4,717	76,663	671,832
LIABILITIES							
Vouchers Payable	-	-	-	-	4,717	76,663	392,157
Accrued liabilities	-	-	-	-	-	-	215,894
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	4,717	76,663	608,051
NET POSITION							
Held in Trust	-	-	10,394	5,098	-	-	63,780
Total Net Position	\$ -	\$ -	\$ 10,394	\$ 5,098	\$ -	\$ -	\$ 63,780

See accompanying notes to the financial statements.

**INDEPENDENT AUDITOR'S 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**

To the Board of Commissioners
Cassia County, Idaho

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County, Idaho (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Poulsen VanLeuven & Catmull

March 8, 2018

SINGLE AUDIT

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Cassia County, Idaho

Report on Compliance for Each Major Federal Program

We have audited Cassia County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cassia County's major federal programs for the year ended September 30, 2017. Cassia County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cassia County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cassia County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cassia County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cassia County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of Cassia County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cassia County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Poulsen VanLeuven & Catmull

March 8, 2018

CASSIA COUNTY

Schedule of Expenditures of Federal Awards For Year Ended September 30, 2017

Federal Grantor	Pass Through Grantor's ID #	Federal CFDA #	Expenditures
Program Title			
Department of Agriculture			
Schools and roads - Grants to Counties	N/A	10.666	\$ 3,480
Law Enforcement Agreements	N/A	10.704	\$ 10,000
Total Department of Agriculture			\$ 13,480
Department of Justice			
State Criminal Alien Assistance Program	N/A	16.606	\$ 7,479
Emergency Law Enforcement Assistance Grant	N/A	16.824	2,760
Edward Byrne Memorial Assistance Grant Program	N/A	16.738	4,305
Total Department of Transportation			\$ 14,544
Department of Transportation			
Highway Planning and Construction	0348-1170	20.205	\$ -
State and Community Highway Safety	0348-1170	20.600	-
Department of Transportation	0348-1170	20.616	-
Total Department of Transportation			\$ -
Department of Parks and Recreation			
Boating Safety Financial Assistance	0348-1170	97.012	\$ 9,384
Total Department of Parks and Recreation			\$ 9,384
Department of Homeland Security			
Emergency Management Performance Grants	0348-1170	97.042	\$ 19,464
Homeland Security Grant Program	0348-1170	97.067	47,246
Total Military Division			\$ 66,710
Department of the Interior			
Payments in Lieu of Taxes	N/A	15.226	\$ 2,247,018
Bureau of Land Management - Noxious Weed Control	N/A	15.230	65,000
Total Department of the Interior			\$ 2,312,018
Total Expenditures of Federal Awards			\$ 2,416,136

This schedule was prepared using the modified accrual basis of accounting, which is consistent with the method used in the preparation of the County's financial statements.

CASSIA COUNTY

Schedule of Findings and Questioned Costs-Federal Awards For the Year Ended September 30, 2017

I. SUMMARY OF AUDIT RESULTS:

- 1 The auditor's report expresses an unqualified opinion on the basic financial statements of Cassia County.
- 2 There were no material weaknesses disclosed during the audit of the basic financial statements of the County.
- 3 No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
- 4 The auditor's report on compliance for the major federal award programs for the County expresses an unqualified opinion on all major federal programs.
- 5 The following were tested as major programs:

Title	CFDA #
Payments in Lieu of Taxes	15.226

- 6 The threshold for distinguishing Types A and B programs was \$750,000.
- 7 The County was not determined to be a low-risk auditee.
- 8 The audit did not disclose any material weaknesses in internal control over major programs.
- 9 There were no audit findings that are required to be reported in accordance with the OMB Compliance Supplement

II. FINANCIAL STATEMENT FINDINGS:

There were no findings or questioned costs in the financial statements

III. FEDERAL AWARD FINDINGS

There were no findings or questioned costs in any of the federal award programs.

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

March 8, 2018

Board of Commissioners and
County Clerk/Auditor/Recorder
Cassia County, Idaho

Dear Commissioners and Clerk/Auditor/Recorder:

We have conducted an audit of the financial statements of Cassia County, Idaho for the year ended September 30, 2017 and have issued our report thereon dated March 8, 2018. In planning and performing our audit we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control of the County. However, in performing our audit we developed recommendations to improve internal control, as listed below. These recommendations are separate from our audit report and do not affect our conclusions and opinions reached during the performance of the audit.

Finding – The Justice Fund continues to rely very heavily on transfers from the PILT Fund to cover operating expenditures.

Recommendation –The County should determine what measures can be taken in order to avoid a severe cash shortfall to the Justice Fund in the event that PILT funding is either reduced or eliminated in the future. This is a repeat finding.

Finding – Upon review of the financial records of the Sherriff's office it was discovered that the ability exists to reprint a check with the same check number as a previously issued check. This allows for an uncashed check to be reprinted with a different payee. This is a repeat finding.

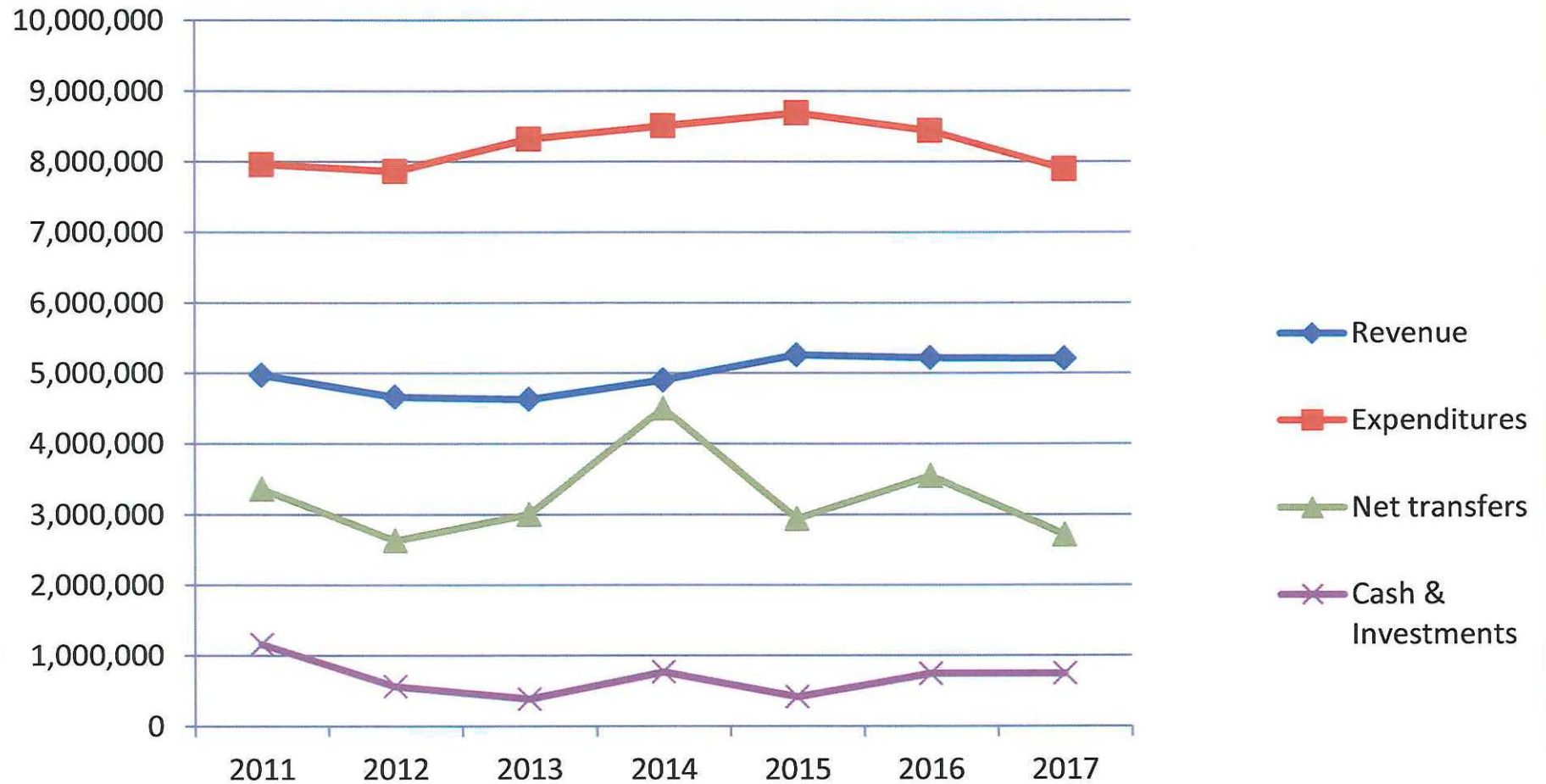
Recommendation – We recommend that the system be modified to restrict the ability to reprint a check with a check number that has already been used, requiring that an uncashed check be voided and reissued with a new check number.

Finding – During our review of the financial records of the Jail, we found the balances of the Jail bank accounts have increased from the balances at the end of the prior fiscal year. The financial clerk at the Jail was unable to identify the specific reason or reasons for the increase in balances.

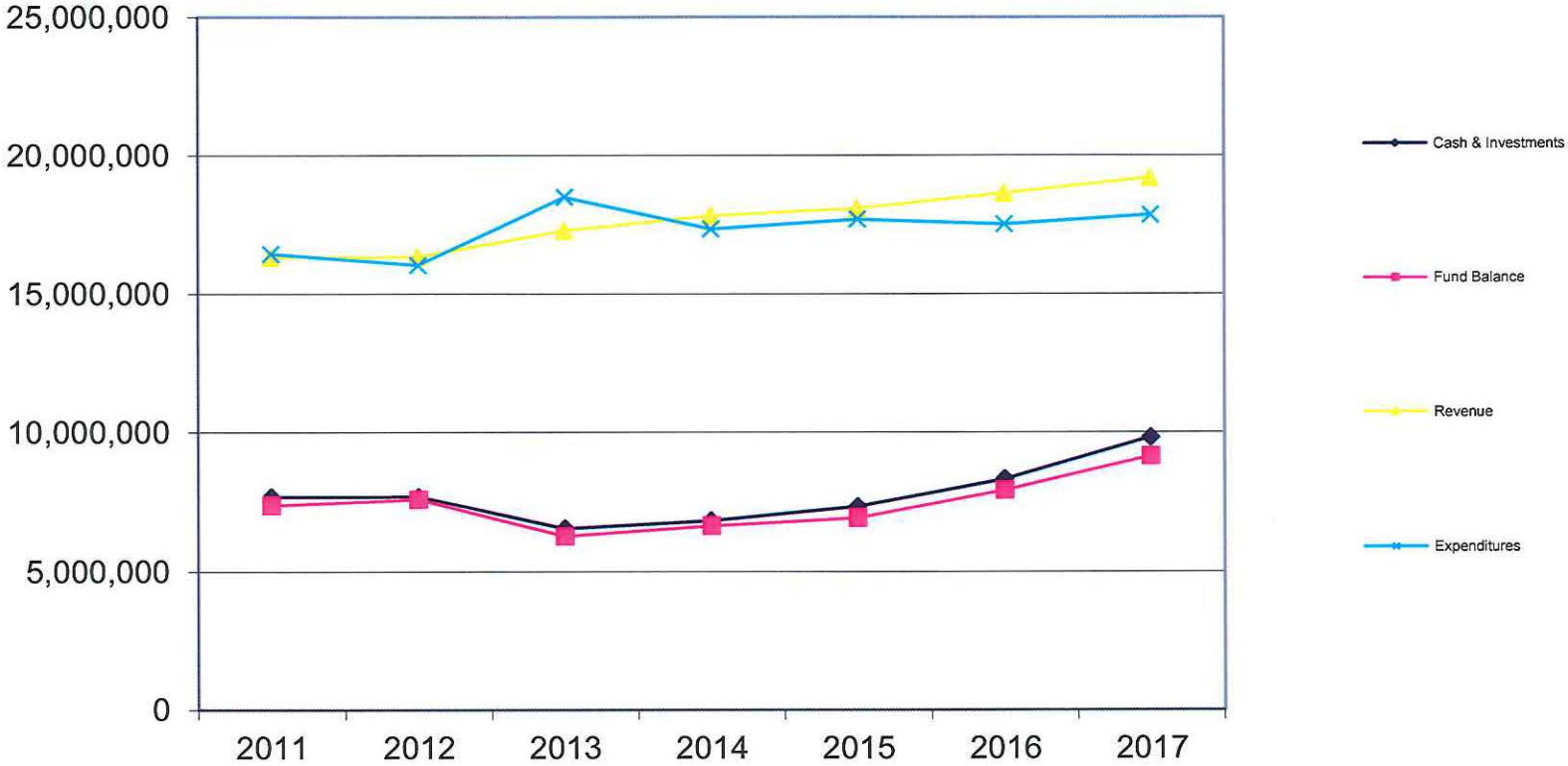
Recommendation – We recommend that the Jail records be reviewed by someone from the Auditor's office to ensure all amounts required to be remitted to the County are being remitted in a timely manner, and to determine the specific reason or reasons for the increase in the Jail bank account balances. We also recommend the Jail clerk receive adequate training on all responsibilities associated with that position, and that the current processes used by the Jail be evaluated to identify and eliminate manual/inefficient steps, where possible.

Poulsen VanLeuven & Catmull

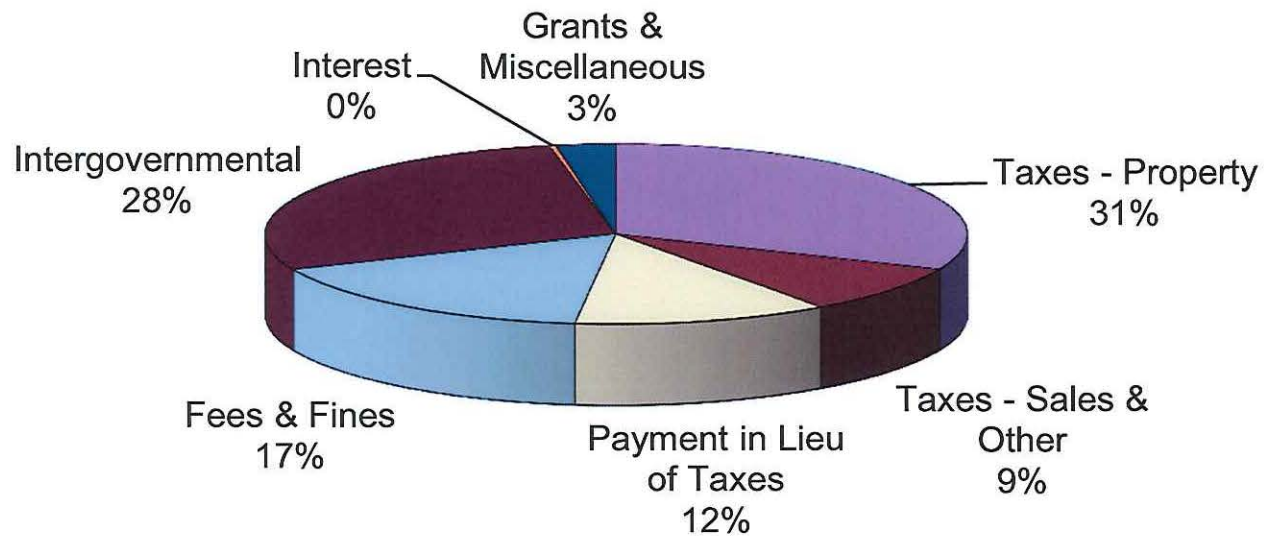
JUSTICE FUND



CASSIA COUNTY GOVERNMENTAL FUNDS



**CASSIA COUNTY REVENUES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2017**



CASSIA COUNTY EXPENDITURES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017

