

Evans Poulsen & Catmull PA

Certified Public Accountants

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

Edward G. Evans, CPA
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Jacob H. Catmull, CPA

May 20, 2016

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, 2015 and have issued our report thereon dated May 20, 2016. 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. The fund balance of the Justice Fund decreased by almost \$500,000 during the fiscal year ended September 30, 2015, despite transfers from the PILT Fund totaling \$940,830 for the year.

Recommendation – The County should determine what measures can be taken in reference to the Justice Fund in order to avoid a severe cash shortfall 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 Sheriff'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 – Several in-kind grants had not been recorded in the County's financial records prior to the audit. This is a repeat finding.

Recommendation – We recommend that the County monitor federal grants throughout the year that are issued through the State using the State's website, and properly record and account for all such grants.

Finding – Our review of the accounting records at the Fair discovered that not all disbursements were supported by an original vendor invoice or other adequate supporting documentation.

Recommendation – We recommend that the Fair follow County policy and maintain in the file an original vendor invoice or other supporting documentation for all disbursements. Evidence of proper authorization for all disbursements should also be maintained, such as the initials of two authorized individuals on the vendor invoice or other supporting documentation.

Evans, Poulsen & Catmull

CASSIA COUNTY

**BASIC FINANCIAL STATEMENTS
With Supplemental Information**

September 30, 2015



CASSIA COUNTY
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2015
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Office of the Clerk of the District Court
Cassia County, Idaho

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June 20, 2016

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, 2015. 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.

Evans, Poulsen & 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, 2015, 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, 2015, 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 as of July 1, 2015 reflect an increase of 2.4% from 22,958 in 2010 to 23,506. That is slightly less than estimates as of July 1, 2014. An interesting deduction that would possibly demonstrate this is that increased costs in funding future development through Urban Renewal and Revenue Allocation Areas within the City of Burley has not reflected an increase in the population base of the county but rather appears to have displaced lower paying jobs to fill new positions. 78.8% of the population of the county were high school graduates between 2006 and 2010, nearly 10% higher than that of the entire State of Idaho during the same time period. There were 1,153 veterans from 2010-2014 as compared to 1,444 veterans residing in the county from 2006 and 2010. The median household income from 2006 and 2010 was \$39,866, nearly \$7,000 below the average of the State of Idaho and from 2010-2014 it increased to \$44,847. Troubling is that 15.6% of the citizens are considered below poverty levels. 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 and investment of County assets, judicial administration, public records management, elections administration, indigent welfare services, and jury management. In addition, sanitation and emergency communications services are provided under an enterprise fund concept, with user charges providing revenue to pay operating expenses.

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 of operating and capital expenditure appropriations to the County Clerk. The Clerk submits to the Board of County Commissioners such department requests including alternative recommendations as directed by the Board and as deemed appropriate to fall within the limits of funding sources. The Board then considers and contrasts or modifies such budget considerations 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.

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. In no event can property taxes be increased. Management at the departmental level does not have authority to amend the budget.

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.

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. They have worked with the school district to facilitate their use of the reverse 911 system. The FCC mandated narrow banding and all licenses and repeaters were updated to be compatible with that mandate.

The County Road and Bridge department continues to work with roads within their district to assist with the repair and maintenance needs of rural county roads that are within the boundaries of that 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 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.

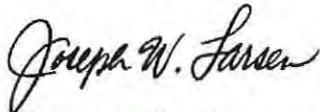
This office has maintained recommendation of the prudent placement of funds in reserve each fiscal year for future identified capital needs until this fiscal year. Unfortunately, that recommendation was supplanted by foregoing over a \$200,000 amount placed in reserve

to fund revenue shortages with escalated expenditure expectation of department heads. Some budgeted expenditures would certainly merit more equitable scrutinizing by the Board of Commissioners with every optional service and expense rather than eliminate critical reserves in favor of random reductions in some area and funding less critical areas as in the past in this budget officer's opinion.

The continued dedication of Deputy Auditors Heather Evans and Carrie Merrell are worthy of commendation amidst the required implementation of accounting and reporting changes by GASB, the PERSI retirement plan, and Affordable Care Act (ACA) daily record-keeping and reporting to the IRS, and federal labor law changes for overtime. 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. Our outside auditors, Evans, Poulsen, 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 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

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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, 2015, 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 2014 financial statements and, in our opinion dated August 26, 2015, 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, 2015, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, the County has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of net position as of October 1, 2014. Our opinions are not modified with respect to this matter.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 May 20, 2016, 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.

Evans, Poulsen, & Catmull

May 20, 2016

Cassia County
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2015

As the county auditor, I Joseph W. Larsen, am the budget officer and financial manager of Cassia County under Idaho Statute § 31-160. My duties thereunder are to see that provisions of the budget are complied with. As such, this narrative overview, analysis, and accompanying financial statements for the fiscal year ended September 30, 2015, is presented. Included are financial performance and activities of the governmental services of Cassia County for the Fiscal Year beginning October 1, 2014, through September 30, 2015. 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, 2015, and thereafter:

- Fair Value Measurement and Application under Statement No. 72,
- Accounting and Financial Reporting for Pensions and Related Assets Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68, all under Statement No. 73,
- Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans under Statement No. 74,
- Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions under Statement No. 75, and
- The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments under Statement No. 76.

Please refer to statements in conjunction with the included financial statement which immediately follow this section.

Elected Officials

A political subdivision of the State of Idaho, Cassia County consisted of the following elected Officials at fiscal year ended September 30, 2015:

Board of County Commissioners:

District 1 – Paul Christensen

District 2 – Bob Kunau

District 3 – Dennis Crane, Chairman

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 cause to be made, annually, a full and complete audit of the financial transactions of the county." Idaho Code § 31-1701,
- "...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. He performs civil legal services, is the county risk manager, and is administrator of Planning and Zoning.

Economic Conditions and Outlook

Located in South Central Idaho on the Snake River Plain, Cassia County is primarily an agricultural, livestock, and residential area. Retail and service industries are important secondary sources of employment and tax revenue. Urban development and construction has improved some in recent years through recruiting efforts of local municipalities for economic expansion. Additionally, commerce and industry advocates led the way to reduce substantially personal property taxation in the State of Idaho to

theoretically entice the conducting of business within the State. The impact of that consideration does result in a tax shift to small business owners and homeowners.

Considering the aforementioned factors, prospects of business and industry growth in the future is hoped for even though it is uncertain, with continued adverse effects and impacts on funding of counties with existing levying limitations, decreased tax revenues, potential reduction in Federal payments in lieu of taxes (PILT) for BLM and U.S. Forest Service lands, increased statutory requirements for services to citizens, and the continual increase in costs for administering justice. This fiscal year, allocations have exceeded 50% of the entire Cassia County budget for the Justice Fund of the County, which is virtually at the limitation of levy imposition on property taxpayers. Other allocated resources of the County must be re-allocated or expenditures reduced for departments within that fund to navigate with continual trending increases in costs and department head expectations.

Challenges Facing Cassia County

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. Department heads and elected officials objectives 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, department heads, and all employees are accountable to the taxpayers and citizens of Cassia County and to all members of the public.

The adverse trickle-down effect to counties in meeting those objectives is present as conditions exist that include the following:

- lingering low interest rates on savings
- ever-present indigent and poor residents
- legislative cost exemptions
- diminishing federally-funded grants for county governmental support
- reduced available financial provisions to accommodate sustained mandated requirements from the federal and state governments to counties
- escalating healthcare costs
- time and resources required to maintain compliance with the Affordable Care Act
- increased indigent medical liability not covered by Medicaid
- looming resistance of the legislative body to implement a state-run health exchange
- increased crime
- additional required probation and incarceration costs
- increased court service security facilitation
- the constitutionally-required provision of adequate and appropriate legal defense services for the indigent poor that has been deemed insufficient within the State of Idaho

In summary, counties continue to be plagued with unfunded or under-funded state and federal mandates with limitations that cannot be exceeded in levying ability of taxes from county property owners.

Urban Renewal and Revenue Allocation Areas

Established and annexed Urban Renewal Districts and Revenue Allocation Areas within the City of Burley, which are all a part of the Burley Development Authority, divert amongst the highest percentage in the state of incremental property tax proceeds. The county and other taxing entities within

the county, including the City of Burley, see the loss of those incremental values for over two decades in most instances.

Though most residents of Cassia County desire to boost our economy and encourage increased commerce to stimulate that, dividends in return for relinquished revenue are shallow at best to fund the courts, the jail, law enforcement, and school resource officers. With low unemployment and available housing, most created jobs draw from businesses and government who may not have the resources to match competing wage, salary, and benefits. Increase in growth and commerce also brings with it stress on the infrastructure of county government. As crime escalates, so do the costs of administering justice. The larger portion of crime which spawns the need for enforcement of the law comes from areas of dense housing, commerce, and concentrated populations. Those demands increase all while badly needed incremental property tax proceeds are diverted to the source that brings the augmented demands.

Affordable Care Act

Throughout the evolution of this fiscal year, it has been increasingly clear the expectations and costs of the Affordable Care Act (Obamacare) compliance has continued to be miscalculated, misrepresented, and inordinately shifted to local businesses and government entities as well as to the working insured as mandated from the federal government.

In the absence of Medicaid expansion in the State of Idaho to facilitate healthcare for all, the burden remains under Idaho Statute for counties to care for the qualified medical and portions of non-medical expenses of the worthy poor.

Employee Healthcare Demands

Cassia County has maintained a rich and strong health insurance plan with enhanced options and high county-subsidized cost participation in our partially self-funded health plan. Other governmental entities and businesses have shifted additional financial burden to the employee along with providing diminished benefits and coverage to the employee's spouse and dependents. Additionally, deductibles have increased, co-pays are higher, and out-of-pocket limits have skyrocketed. There is no doubt that Obamacare has created a financial burden beyond what was ever imagined in attempting to fix a broken healthcare system in the United States.

As healthcare costs continually increase, a burden is placed on all entities who provide health coverage to their employees. Some have restricted coverage to not include the spouse of an employee as well as dependents while others have increased deductibles, co-pays, and out of pocket limits.

It is very costly and nearly impossible for county government to remain competitive with the outside workforce in providing employee healthcare benefits and competitive wages and salaries. With a low unemployment rate in the Mini-Cassia area and with the introduction of new business and industry, it is increasingly problematic with limited revenue resources to adequately provide required services and protection to the public while realizing limited resources that deteriorate each year.

Capital Building Reserves

To facilitate an increase in rate of pay this fiscal year to employees, many recommended cuts in allocations were approved by the Board of Commissioners. One such cut included a decrease in reserves established in a dedicated fund that facilitates future capital expansion or improvement as needed. A \$200,000 decrease in those reserves will certainly and substantially delay any future capital projects as they arise with aging facilities.

Cassia County Fair

Problematic management and financial oversight disadvantaged the success of the important yearly county and taxpayer-supported Cassia County Rodeo and Fair. Changes in management,

personnel, contracted support, employees, and responsibilities hampered preparations for that event. Critical and expensive support from other departments of the county was diverted to ensure successful operations of the fair and rodeo. Consequently, expenditures from various areas of the county were shifted, reallocated, or not accounted for in a fiscally responsible manner in line with best practices. It became nearly impossible for internal auditing oversight to take place on a regular or consistent basis.

A brief internal onsite audit was conducted at my direction to verify funds of the Cassia County Fair were sufficient to meet demands inasmuch as allocated county funds were exhausted from all the changes, shifting, and additions of personnel. That duty upon the adoption of the final budget is required of the budget officer of the county under Idaho Statute § 31-1602 "...to see that the provisions thereof are complied with." Simply, no fund balances existed long before the end of the fiscal year from that dedicated fund to meet payroll liability. The Cassia County Fair netted over a \$30,000 loss following the depletion of this dedicated fund. Consequentially, Fair Exhibit allocations were reduced to satisfy fund depletion and as a corrective procedure to remedy violation of Idaho Statute § 31-1606, which demands that those overseeing those operations "be limited in making expenditures or the incurring of liabilities to the respective amounts of such appropriations."

The remedy of the Board of Commissioners to budget for the subsequent fiscal year was to intermingle duties and supervisory assignments with the Administration Department of the County. Along with that, funds allocated for a compliance officer in the Current Expense Fund of the county was utilized for County Fair use during that process. Those funds late in the fiscal year were already earmarked for that unfilled position to be used for carryover beginning balances. Instead they were used in the remedial process for the continued fiscal lapses and employee and volunteer setbacks besetting the Cassia County Fair.

Additionally, a decision of the Board of Commissioners included diverting unallocated revenues or county savings in the amount of \$55,000 as a late hour addition to the FY2015 budget for the Fair and Rodeo to cover recognized losses in the current fiscal year. This budget officer questioned that fiscal decision as clearly not being in the best interest of Cassia County as a whole in that it further exacerbated county allocations and savings all while pitching a non-sustainable temporary fix to a protracted fiscal and personnel problem.

Lastly, a decision of the Board of Commissioners included relieving the Auditor's Office of any fiscal oversight of the county taxpayer-funded Cassia County Fair and Rodeo. The outside auditor, who does annual oversight of the county fiscal functions along with preparing annual financial statements, was relegated to an enhanced cursory oversight of the operation. Financial functions of the Fair and Rodeo were left, following a troubling county budget exhaustion and an overall loss from operations, with virtually no day to day internal auditing oversight. Internal auditing checks and balances were virtually eliminated with a county-funded entity that clearly appeared to be in need of such. That left the outside auditor with both internal and outside auditing oversight at an additional expense to the beleaguered Fair and Rodeo dedicated funds. This budget officer encourages a reconsideration of future financial oversight of the Cassia County Fair that more closely reflects the intent of Idaho Code and what other counties in the state of Idaho have done when problems such as this have arisen. Nothing short of that suggested financial oversight, effective management and supervisory oversight, and fiscally-prudent procedural adjustments will resolve the ongoing problem.

County Road and Bridge

County Road and Bridge allocations have been reduced by the Board of Commissioners in maintaining roads within that jurisdiction. Flooding, washouts, culvert repair and replacement, as well as magnesium chloride application on non-paved roads, graveling, and snow removal all continue to be the reasonable expectations of that dedicated funding division of Cassia County.

A grant to assist with application of magnesium chloride was discontinued and an alternate funding source was not identified. The consequence was the potential erosion of those roads not receiving or receiving reduced application of treatment. Allocations of PILT proceeds is the most plausible avenue, if and when available to continue adequate maintenance of the County's road and bridges.

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 Code 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 has reached full funding at just over \$2,000,000. The volatility of receipt of those funds are critical as they currently are funded late in the year 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 expenditures, of which many must be sustained. Repeated warnings from the independent outside auditor of the county as well as ongoing concerns from this budget officer have been expressed to the Board of County Commissioners at various and numerous times.

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 exceeded maximum levy rates nor can they be intermingled with other funds. Those levy funds are derived from property tax revenues which are calculated by a formula of assessed property values multiplied by the current calculated levy rates.

Fiscal Year 2015 experienced the following in regards to levy rates and funds those levied amounts generate:

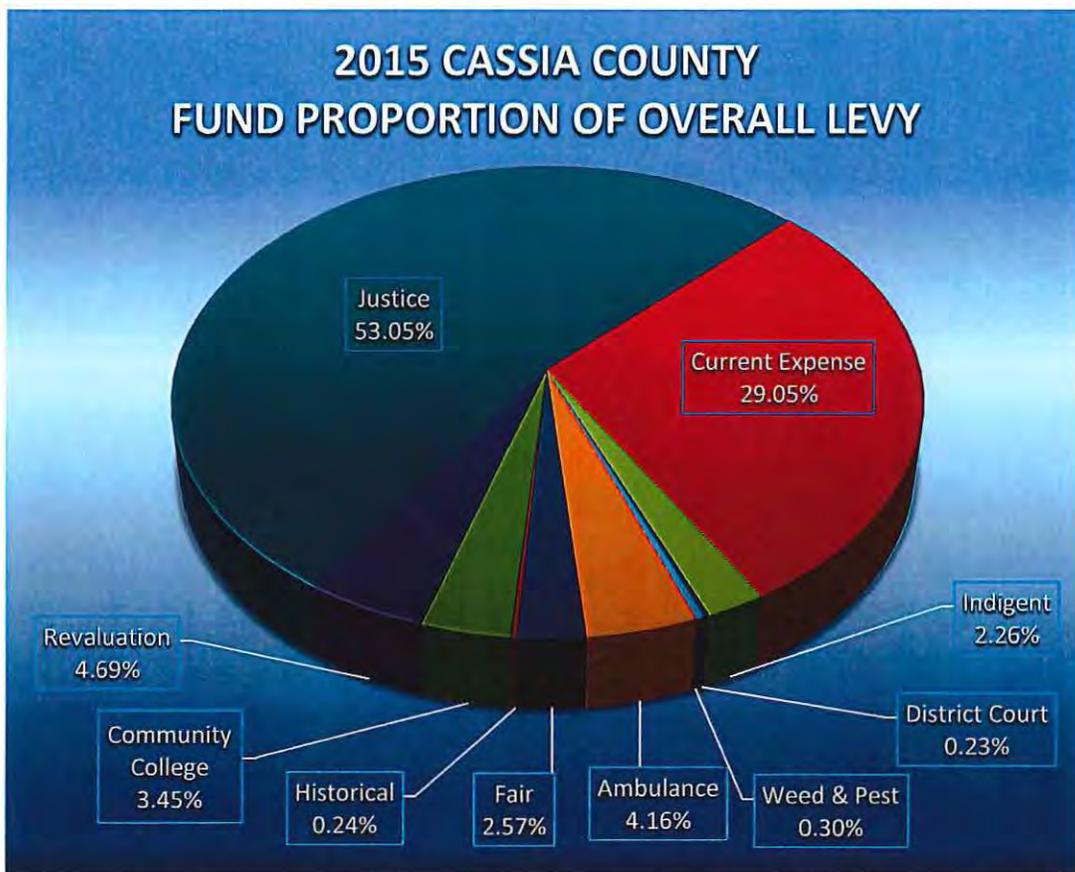
<u>Fund</u>	<u>Current Levy Rate</u>	<u>Maximum Levy Rate</u>
<i>Major Funds:</i>		
Current Expense	0.001010350	0.00260
Justice	0.001845445	0.00200

Other Funds:

Indigent/Social Services	0.000078428	0.00100
District Court	0.000008091	0.00040
Weed and Pest	0.000010570	0.00060
Ambulance	0.000144817	0.00020
Fair Exhibits	0.000089200	0.00020
Historical Society	0.000008456	0.00012
Junior College Tuition	0.000120106	0.00060
Revaluation	0.000163116	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 with Idaho State Tax Commission L-2 Forms to establish that needs fall within 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 fiscal year levy rates.

**2015 Cassia County Levy Rate:
.003478579**



The funds in the above chart lists the proportion of assessed market valuation of overall 2015 property tax proceeds.

Cassia County Revenue

Fee Collections

Solid Waste Collection	Sheriff Drug Enforcement	911 Emergency Services
Snowmobile	Waterways	Industrial Property Litigation
Domestic Abuse	EMS	Noxious Weed Support
Grants	Disaster Services Support	Misdemeanor Probation Fund
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 funds that include the major departments for functioning of the county for fulfilling that political subdivisions 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 FY2014 and FY2015:

Remaining Cash Balance

	<u>Ending FY2014</u>	<u>Ending FY2015</u>	<u>Difference</u>	<u>Change</u>
Current Expense:	\$1,703,918.55	\$1,813,694.17	\$109,775.62	6.44%
Justice:	\$763,816.89	\$417,596.56	(\$346,220.33)	(45.33%)

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 clearly indicates the need for management to shift resource allocations so much as is possible to reverse that trend. The indication, which is easy to surmise, is that some areas of the Current Expense Fund are overfunded at the disadvantage of underfunding the Justice Fund. This budget officer has done and will continue to encourage the Board of Commissioners to adjust that anomaly.

Over the years, the Justice Fund remaining balances have steadily decreased, largely due to amplified court-related costs, an upsurge in criminal court cases, escalating law enforcement activity and incarceration costs, and some inadequate managerial oversight of expenditures. It is important to note that the Jail Bond payments were completed in 2006, but elevated costs for security, maintenance, and personnel at the Criminal Justice Center, along with law enforcement and court costs, continue to press levy funding to the brink of levy limits with the Justice Fund.

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 benefit and cost for each side of the agreement has hampered the inherent benefit realized by both parties. Waning trust and difference of opinions spawned the formation of a Law Enforcement Committee to explore the matter and make a recommendation to both parties. That committee gathered some financial information from the Cassia County Auditor’s office and asked this budget officer and our Lead Deputy Auditor to meet with them. The first questions asked as we met with that committee was, “Are you in favor of keeping the agreement in place going forward.” We expressed without hesitation that we were, so long as the benefits to both parties are fair and equitable.

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, needs of other statutorily-required services and

changing requirements with assessing property valuations, collecting taxes, recording documents, conducting elections, administering indigent services, internal auditing, managing court processes, clerking judges, court security, public defense, county roads and bridges, building inspection, misdemeanor probation, weed and pest control, extension agricultural economics, County Fair, and general county administration. 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 increasing difficult to conduct a fluid need through the course of a year with all these volatile factors in play. It lends to the notion of not meeting needs with static financial commitment in the contract for those services. It also can create concerns for the City of Burley with accountability and excess commitment financially over what was actually provided. For county budgeting and internal auditing, it creates a concern of escalating costs and enhanced services that all bear an element of additional supplementation at the expense of other needs within the county that demand critical resources.

The question looms as to the level of funding and its adequacy in meeting contractual expectations. 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 contracting party 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.

Budget Officer Conclusions

It is the opinion and feelings of this budget officer that current economic and financial situations not only warrant but require reductions in expenditures in all feasible areas of non-required or mandated services and personnel. The fund balances for the Current Expense Fund and the Justice Fund are projected to experience even further decreases for the fiscal year ending September 30, 2016.

I recommend more 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 potential and 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 is more paramount than ever that the Board of Commissioners makes a continued concentrated effort in establishing, as well as holding, to the confines of a realistic approved budget. Department heads need to monitor spending and be frugal with purchases of items that are not operationally essential, which will assist in bringing county managers to understand the need for carryover balances and more sound fund balances.

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, to 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. 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. In light of those financial concerns, 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 identified possibilities for consideration provided to the County Commissioners on July 20, 2015. These items are identifiable possibilities to consider and *are not* recommendations, but rather just considerations identified.

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 continue with increased diligence in requiring detailed justification from any department requesting increases in personnel costs and operating expenditures.

The Auditor's Office did observe some appreciable increase in expenditures over revenues identified. Grant funding in each area has decreased and PILT fund balances continue to dramatically drop, all in the midst of the prospects of decreased federal funding which could indisputably present a huge impact on the day-to-day functionality of Cassia County. A focus for FY2016 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.

Cassia County has purchasing procedures enumerated by the Personnel Policy Handbook which functions very well. 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. 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

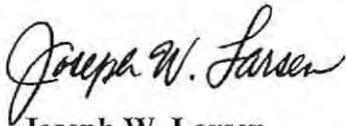
updated sheets are kept as a permanent record of County property and that property's attendant expenditures. This is in compliance with the requirements of GASB 34 and procedures are, and will continue to be implemented, to make this a better process.

The Board of Commissioners, as it pertains to financial issues for the future, will be looking at providing superior service to the public, providing employee retention incentives, and continuing to evaluate and act upon courthouse security measures for both employees and patrons. Other considerations are for appropriate further improvement of our GIS system and the County E-911 telephone system.

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,



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 2016 Budget
July 24, 2015

1. Continuance of the Law Enforcement Agreement with the City of Burley
2. Re-negotiation of Law Enforcement Agreement Contracted Amount
3. Audit of Mini-Cassia Criminal Justice Center Inmate Census Accuracy Between Minidoka County and Cassia County
4. Negotiate Conflict Public Defender Contract
5. Issuing Citations Rather Than Incarceration of Certain Offenders
6. Reduction of Workforce
7. Implement Step and Grade Across the County for Rate of Pay Equalization and Standardization
8. Simplify and Standardize All County Employee Pay into Wage and Salary
9. Scrutinize, Limit, or Eliminate Bonus Pay, Overtime, Allowances, and Differential Pay
10. Re-visit Vehicle Use Restriction Policy
11. Attrition of Departing Employees
12. Severance Package Offering for Employees Nearing Retirement
13. Consolidation of Job Assignments to Reduce Staffing Requirements
14. Elimination of Non-Statutorily Required Positions
15. Revise Sick Bank Policy
16. Strict Accrual Monitoring and Management by Department Heads
17. Monthly Evaluation of Revenue Coverage of Expenditures
18. Elimination of Accruals for Exempt Employees
19. Incorporation of Certifications and Other Requirements Within Job Description and Inclusion in Grade Base Pay
20. Require Inmates to Perform Additional County-Related Work Release Duties
21. Decrease Road and Bridge Allocations and Encourage Formation of a Highway District.
22. Evaluation of Incarceration Differences Between Minidoka and Cassia County
23. Evaluation of City of Burley/Minidoka County Felonies
24. Adopt Purchase Order System to Approve All Purchases
25. Reserve Contingent Fund for the Justice Fund to Ensure Carryover
26. Deplete County Emergency Savings and Investment Reserves
27. Limitation of Training that Takes Employees Away from the Workplace
28. Evaluation of Judicial, Prosecution, and Law Enforcement Incarcerations and Jail Length of Stays.

BASIC FINANCIAL STATEMENTS

CASSIA COUNTY

Statement of Net Position
September 30, 2015

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
ASSETS				
Cash and Investments	\$ 7,339,412	\$ 6,835,173	\$ 133,647	\$ 135,429
Receivables:				
Taxes	225,669	250,837	-	-
Other	-	-	14,204	31,066
Prepaid Expenses	84,481	80,459	-	-
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	5,474,628	5,381,423	29,494	37,178
Other Assets	-	-	2,845	-
Total assets	14,791,241	14,214,943	180,190	203,673
DEFERED OUTFLOWS OF RESOURCES				
Pension Obligations	1,239,872	-	-	-
Total deferred inflows of resources	1,239,872	-	-	-
LIABILITIES				
Vouchers Payable and Accrued Liabilities	499,514	305,462	27,343	78,294
Interest Payable	-	-	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Net Pension Liability	2,696,650	-	-	-
Total liabilities	3,196,164	305,462	27,343	78,294
DEFERED INFLOWS OF RESOURCES				
Employer Pension Assumption	1,739,377	-	-	-
Total deferred inflows of resources	1,739,377	-	-	-
NET POSITION				
Invested in Capital Assets, net of related debt	7,141,679	7,048,474	29,494	37,178
Restricted for:				
Jail Operations/Benefit of Inmates	176,122	489,665	-	-
County Employee Benefits	315,704	394,914	-	-
Special Revenue Purposes	3,652,985	3,410,678	-	-
Unrestricted	(190,918)	2,565,750	123,353	88,201
Total Net Position	\$ 11,095,572	\$ 13,909,481	\$ 152,847	\$ 125,379

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2015	Total Govt Funds 2014
ASSETS								
Cash and investments	\$ 1,814,789	\$ 34,349	\$ 415,926	\$ 417,596	\$ 871,933	\$ 3,784,819	\$ 7,339,412	\$ 6,835,173
Receivables:								
Taxes	51,268	-	42,425	89,297	-	42,679	225,669	250,837
Other	-	-	-	-	-	-	-	-
Prepaid expenses	84,481	-	-	-	-	-	84,481	80,459
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	67,426	141,783	-	-	-	1,976	211,185	89,458
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 2,017,964	\$ 176,132	\$ 458,351	\$ 506,893	\$ 871,933	\$ 3,829,474	\$ 7,860,747	\$ 7,255,927
LIABILITIES								
Liabilities:								
Vouchers payable	\$ 34,151	\$ -	\$ -	\$ 215,781	\$ -	\$ 172,133	\$ 422,065	\$ 239,036
Accrued liabilities	10,859	10	-	17,782	-	48,798	77,449	66,426
Due to other funds	-	-	-	-	1,976	209,209	211,185	89,458
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	45,010	10	-	233,563	1,976	430,140	710,699	394,920
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Property Taxes	47,553	-	39,590	82,968	-	39,769	209,880	205,157
Total deferred inflows of resources	47,553	-	39,590	82,968	-	39,769	209,880	205,157
Fund Balance:								
Restricted	-	176,122	-	-	-	5	176,127	490,634
Committed	-	-	-	-	-	-	-	394,914
Assigned	-	-	418,761	190,362	-	3,359,560	3,968,683	3,410,678
Unassigned	1,925,401	-	-	-	869,957	-	2,795,358	2,359,624
Total fund balances	1,925,401	176,122	418,761	190,362	869,957	3,359,565	6,940,168	6,655,850
Total liabilities, deferred inflows of resources and fund balances	\$ 2,017,964	\$ 176,132	\$ 458,351	\$ 506,893	\$ 871,933	\$ 3,829,474	\$ 7,860,747	\$ 7,255,927

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities September 30, 2015

Total Governmental Fund Balances		\$	6,940,168
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.			7,141,679
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Property Taxes			209,880
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.			(2,696,650)
Balances at September 30, 2015:			
Deferred outflows of resources pension expense	964,133		
Deferred outflow of 2015 employer contributions	<u>275,739</u>		
			1,239,872
Deferred inflows or resources related to pensions.			<u>(1,739,377)</u>
Net Position of Governmental Activities		\$	<u>11,095,572</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, 2015

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2015	Total Govt Funds 2014
Revenues:								
Taxes - property	\$ 1,450,075	\$ -	\$ 557,463	\$ 2,454,925	\$ -	\$ 1,196,575	\$ 5,659,038	\$ 5,506,680
Taxes - sales and other	495,953	-	-	765,736	-	187,986	1,449,675	1,389,093
Payment in lieu of taxes	-	-	-	-	1,939,070	-	1,939,070	2,128,124
Fees and fines	525,633	914,539	-	183,965	-	1,283,143	2,907,280	3,075,341
Intergovernmental	11,313	667,778	-	1,779,219	-	3,101,712	5,560,022	5,197,292
Interest	38,390	-	-	-	-	2,050	40,440	38,718
Grants and miscellaneous	55,256	19,076	-	76,718	-	388,916	539,966	493,410
Total revenues	2,576,620	1,601,393	557,463	5,260,563	1,939,070	6,160,382	18,095,491	17,828,658
Expenditures:								
General government	2,475,582	-	-	-	-	3,088,648	5,564,230	5,573,075
Indigent Assistance	-	-	-	-	-	467,275	467,275	400,166
Highways and roads	-	-	-	-	-	266,491	266,491	334,280
Public safety	-	-	-	8,691,576	-	1,037,331	9,728,907	9,304,475
Other public service	-	-	557,029	-	-	995,073	1,552,102	1,603,099
Culture and recreation	-	-	-	-	-	116,901	116,901	135,613
Debt Service	-	-	-	-	-	-	-	-
Total expenditures	2,475,582	-	557,029	8,691,576	-	5,971,719	17,695,906	17,350,708
Excess of rev over(under) expend	101,038	1,601,393	434	(3,431,013)	1,939,070	188,663	399,585	477,950
Other financing sources (uses)								
Transfers in	48,432	1,077,249	-	3,875,327	-	748,376	5,749,384	6,731,220
Transfers out	-	(2,893,294)	-	(935,466)	(1,652,806)	(383,085)	(5,864,651)	(6,826,720)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other fin sources(uses)	48,432	(1,816,045)	-	2,939,861	(1,652,806)	365,291	(115,267)	(95,500)
Net change in fund balances	149,470	(214,652)	434	(491,152)	286,264	553,954	284,318	382,450
Fund balance - beginning	1,775,931	390,774	418,327	681,514	583,693	2,805,611	6,655,850	6,273,400
Fund balance - ending	\$ 1,925,401	\$ 176,122	\$ 418,761	\$ 190,362	\$ 869,957	\$ 3,359,565	\$ 6,940,168	\$ 6,655,850

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 284,318

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	\$ 480,268	
Depreciation expense	<u>(387,063)</u>	
		93,205

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 -

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. 4,724

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 -

In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due. -

In the Governmental Funds, pension contributions are considered an expense, while on the statement of activities the contributions are considered a deferred outflow (21,332)

In the Governmental Funds, benefits earned net of employee contributions is not recognized as revenue. 149,222

Change in Net Position of Governmental Activities \$ 510,137

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, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget: Favorable (Unfavorable)	2014 Actual
Revenues:					
Taxes - property	\$ 1,414,653	\$ 1,414,653	\$ 1,450,075	\$ 35,422	\$ 1,427,383
Taxes - sales and other	500,000	500,000	495,953	(4,047)	594,822
Fees and fines	438,920	438,920	525,633	86,713	540,722
Intergovernmental	9,270	9,270	11,313	2,043	9,498
Interest	23,000	23,000	38,390	15,390	36,363
Grants and miscellaneous	2,800	2,800	55,256	52,456	6,405
Total revenues	2,388,643	2,388,643	2,576,620	187,977	2,615,193
Expenditures:					
General government:					
Commissioners	178,245	178,245	145,890	32,355	124,840
Auditor	201,545	201,545	181,438	20,107	182,988
Treasurer	193,845	193,845	186,589	7,256	185,252
Assessor	410,971	410,971	400,711	10,260	376,890
Ag. extension	193,094	193,094	187,133	5,961	181,333
Buildings	381,826	381,826	274,739	107,087	232,882
Judicial Center	54,000	54,000	17,485	36,515	140,512
Board of health	117,161	117,161	117,162	(1)	114,182
Planning and zoning	225,196	225,196	184,291	40,905	203,741
General	538,110	538,110	352,692	185,418	345,806
Civil defense	39,343	39,343	38,628	715	22,626
Elections	134,144	134,144	82,858	51,286	211,653
County Administration	326,012	326,012	294,390	31,622	323,520
Veterans officer	11,650	11,650	11,576	74	10,847
Total expenditures	3,005,142	3,005,142	2,475,582	529,560	2,657,072
Excess of rev over(under) expend	(616,499)	(616,499)	101,038	717,537	(41,879)
Other financing sources (uses):					
Transfers in	72,926	72,926	48,432	(24,494)	171,742
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	72,926	72,926	48,432	(24,494)	171,742
Net change in fund balances	(543,573)	(543,573)	149,470	693,043	129,863
Fund balance - beginning	1,775,931	1,775,931	1,775,931	-	1,646,068
Fund balance - ending	\$ 1,232,358	\$ 1,232,358	\$ 1,925,401	\$ 693,043	\$ 1,775,931

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, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget: Favorable (Unfavorable)	2014 Actual
Revenues:					
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	886,580	886,580	914,539	27,959	1,135,299
Intergovernmental	667,778	667,778	667,778	-	619,654
Grants and miscellaneous	24,010	24,010	19,076	(4,934)	19,644
Total revenues	1,578,368	1,578,368	1,601,393	23,025	1,774,597
Expenditures:					
Public safety:					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,578,368	1,578,368	1,601,393	23,025	1,774,597
Other financing sources (uses):					
Transfers in	955,467	955,467	1,077,249	121,782	848,646
Transfers out	(3,137,551)	(3,137,551)	(2,893,294)	244,257	(2,879,354)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(2,182,084)	(2,182,084)	(1,816,045)	366,039	(2,030,708)
Net change in fund balances	(603,716)	(603,716)	(214,652)	389,064	(256,111)
Fund balance - beginning	390,774	390,774	390,774	-	646,885
Fund balance - ending	\$ (212,942)	\$ (212,942)	\$ 176,122	\$ 389,064	\$ 390,774

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, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget: Favorable (Unfavorable)	2014 Actual
Revenues:					
Taxes/use fees	\$ 582,500	\$ 582,500	\$ 557,463	\$ (25,037)	\$ 576,110
Miscellaneous	-	-	-	-	-
Total revenues	582,500	582,500	557,463	(25,037)	576,110
Expenditures:					
Landfill costs	563,322	563,322	557,029	6,293	534,720
Risk Management & Insurance	-	-	-	-	-
Remote Site Collection	-	-	-	-	-
Total expenditures	542,487	542,487	557,029	6,293	534,720
Excess of rev over(under) expend	40,013	40,013	434	(39,579)	41,390
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	-	-	-	-	-
Net change in fund balances	40,013	40,013	434	(39,579)	41,390
Fund balance - beginning	418,327	418,327	418,327	-	376,937
Fund balance - ending	\$ 458,340	\$ 458,340	\$ 418,761	\$ (39,579)	\$ 418,327

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, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget: Favorable (Unfavorable)	2014 Actual
Revenues:					
Taxes - property	\$ 2,367,356	\$ 2,367,356	\$ 2,454,925	\$ 87,569	\$ 2,262,054
Taxes - sales and other	670,000	670,000	765,736	95,736	676,312
Fees and fines	209,550	209,550	183,965	(25,585)	194,967
Intergovernmental	1,718,402	1,718,402	1,779,219	60,817	1,709,102
Grants and miscellaneous	57,500	57,500	76,718	19,218	60,771
Total revenues	5,022,808	5,022,808	5,260,563	237,755	4,903,206
Expenditures:					
Public safety:					
District Court	520,034	520,034	490,263	29,771	470,144
Conflict Public Defender	116,000	116,000	112,621	3,379	87,273
Juvenile justice	136,707	136,707	142,550	(5,843)	122,314
Prosecuting attorney	471,508	471,508	424,508	47,000	449,673
Public defender	524,091	524,091	519,413	4,678	524,206
Coroner	53,832	53,832	57,659	(3,827)	34,103
Law buildings	31,800	31,800	31,078	722	23,473
Sheriff patrol	1,947,384	1,947,384	1,884,954	62,430	1,934,497
Investigations	425,989	425,989	420,994	4,995	442,308
Dispatch	480,602	480,602	473,723	6,879	443,140
Administration	654,024	654,024	661,816	(7,792)	682,473
Detention center	3,137,551	3,137,551	3,056,660	80,891	2,936,124
Juvenile center	415,337	415,337	415,337	-	359,471
Total expenditures	8,914,859	8,914,859	8,691,576	223,283	8,509,199
Excess of rev over(under) expend	(3,892,051)	(3,892,051)	(3,431,013)	461,038	(3,605,993)
Other financing sources (uses):					
Transfers in	4,867,551	4,867,551	3,875,327	(992,224)	5,350,832
Transfers out	(935,467)	(935,467)	(935,466)	1	(848,646)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	3,932,084	3,932,084	2,939,861	(992,223)	4,502,186
Net change in fund balances	40,033	40,033	(491,152)	(531,185)	896,193
Fund balance - beginning	681,514	681,514	681,514	-	(214,679)
Fund balance - ending	\$ 721,547	\$ 721,547	\$ 190,362	\$ (531,185)	\$ 681,514

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, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget: Favorable (Unfavorable)	2014 Actual
Revenues:					
Payment in lieu of taxes	\$ 1,441,500	\$ 1,441,500	\$ 1,939,070	\$ 497,570	\$ 2,128,124
Miscellaneous	-	-	-	-	-
Total revenues	1,441,500	1,441,500	1,939,070	497,570	2,128,124
Expenditures:					
Other public service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,441,500	1,441,500	1,939,070	497,570	2,128,124
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,715,000)	(1,715,000)	(1,652,806)	62,194	(2,810,000)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,715,000)	(1,715,000)	(1,652,806)	62,194	(2,810,000)
Net change in fund balances	(273,500)	(273,500)	286,264	559,764	(681,876)
Fund balance - beginning	583,693	583,693	583,693	-	1,265,569
Fund balance - ending	\$ 310,193	\$ 310,193	\$ 869,957	\$ 559,764	\$ 583,693

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Fiduciary Net Assets
Agency Funds
September 30, 2015

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 490,280
Other Assets	-
Total assets	<u>490,280</u>
LIABILITIES	
Vouchers Payable and Accrued Liabilities	349,623
Deferred Revenue	-
Total liabilities	<u>349,623</u>
NET ASSETS	
Held in Trust	<u>140,657</u>
Total Net Assets	<u>\$ 140,657</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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, 2015

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, \$5,275,314 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	\$ 102,819	0.39
CD's and Federal Government Agency Bonds	1,849,393	2.6
Total Fair Value	\$ 1,952,212	

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.

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.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The hours earned under the County's vacation and sick pay policy are non-vesting accumulations. These accumulations are not material and have not been accrued into these financial statements.

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.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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.

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.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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 9/30/14	Additions	Deletions	Balance 9/30/15
Governmental Activities				
Cost / Historical Value:				
Land (non-depreciable)	\$ 1,667,051	\$ -	\$ -	\$ 1,667,051
Buildings	5,599,003	-	(14,026)	5,584,977
Improvements other than buildings	123,159	-	-	123,159
Construction in Process	-	211,556	-	211,556
Infrastructure assets	9,545,477	-	-	9,545,477
Equipment/Vehicles	3,960,135	268,712	(38,254)	4,190,593
Total	20,894,825	480,268	(52,280)	21,322,813
Accumulated Depreciation:				
Buildings	1,882,234	120,673	(14,026)	1,988,881
Improvements other than buildings	416,754	6,747	-	423,501
Infrastructure assets	9,435,802	12,039	-	9,447,841
Equipment/Vehicles	2,111,561	247,604	(38,254)	2,320,911
Total	13,846,351	387,063	(52,280)	14,181,134
Net Book Value:				
Land (non-depreciable)	1,667,051	-	-	1,667,051
Buildings	3,716,769	(120,673)	-	3,596,096
Improvements other than buildings	(293,595)	(6,747)	-	(300,342)
Construction in Process	-	211,556	-	211,556
Infrastructure assets	109,675	(12,039)	-	97,636
Equipment/Vehicles	1,848,574	21,108	-	1,869,682
Total	\$ 7,048,474	\$ 93,205	\$ -	\$ 7,141,679
Component Unit				
Cost / Historical Value:				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Equipment/Vehicles	125,470	-	-	125,470
Total	125,470	-	-	125,470
Accumulated Depreciation:				
Equipment/Vehicles	88,292	7,684	-	95,976
Total	88,292	7,684	-	95,976
Net Book Value:				
Land (non-depreciable)	-	-	-	-
Equipment/Vehicles	37,178	(7,684)	-	29,494
Total	\$ 37,178	\$ (7,684)	\$ -	\$ 29,494

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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	\$ 116,045
Highways and Roads	29,559
Public Safety	220,002
Other Public Service	7,126
Culture & Recreation	14,331
Total Governmental Activities Depreciation	\$ 387,063

NOTE 4: LONG-TERM DEBT

As of September 30, 2015, 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.

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. As of September 30, 2015 it was 6.79%. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The County's contributions were \$596,887 for the year ended September 30, 2015.

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 July 1, 2015, 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 October 1, 2015, the County's proportion was .2047823 percent.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

For the year ended September 30, 2015, the County recognized pension expense (revenue) of \$88,438. At September 30, 2015, 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	\$ -	\$ 323,270
Changes in assumptions or other inputs	98,208	
Net difference between projected and actual earnings on pension plan investments	992,442	1,416,107
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City contributions subsequent to the measurement date	149,222	-
Total	\$ 1,239,872	\$ 1,739,377

The \$149,222 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 June 30, 2015.

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, 2014 the beginning of the measurement period ended June 30, 2015 is 5.6 years.

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 end Sept 30	
2016	(276,619.43)
2017	(276,619.43)
2018	(276,619.43)
2019	200,776.94
2020	(19,646.31)

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 July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 - 10.25%
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

CASSIA COUNTY

Notes to Financial Statements September 30, 2015

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 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, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

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, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
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)	\$ 6,568,059	\$ 2,696,650	\$ (521,914)

CASSIA COUNTY

Notes to Financial Statements
September 30, 2015

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, 2015, 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.

NOTE 6: LITIGATION

There are currently several cases pending against Cassia County. All are either being defended by the County's liability carrier or the County. With the exception of a \$1,000 deductible per case, any potential loss would be covered by the County's insurance carrier.

NOTE 7: 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 8: FUND DEFICITS

As of September 30, 2015, a deficit fund balance existed in the Ambulance Fund (\$3,174).

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

During the year ended September 30, 2015, no funds 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 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 \$35,000 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, 2015

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 20, 2016, the audit report date. No events occurring subsequent to year end were discovered which would require an adjustment to the financial statements. Subsequent to year end the County made upgrades to the 911 system, with a total cost of approximately \$350,000.

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 \$67,426.

NOTE 14: ADOPTION OF NEW STANDARD

As of October 1, 2014, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Government Activities
Net position at 9/30/14, previously reported	\$ 13,909,481
Net pension liability at 9/30/2014	(3,162,415)
Deferred outflows of resources related to contributions made during the fiscal year ended September 30, 2014	(161,631)
Net position as restated, October 1, 2014	<u>\$ 10,585,435</u>

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, 2015

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

	2015
Employer's portion of the net pension liability	0.2047823%
Employer's proportionate share of the net pension liability	\$ 2,696,650
Employer's covered-employee payroll	\$ 5,827,887
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	46.27%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

Data reported is measured as of July 1, 2014 (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
Statutorily required contribution	\$ 669,847
Contributions in relation to the statutorily required contribution	\$ 657,844
Contribution (deficiency) excess	-
Employer's covered-employee payroll	\$ 5,827,887
Contributions as a percentage of covered-employee payroll	11.49%

Data reported is measured as of September 30, 2015

**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, 2015

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
ASSETS										
Cash and investments	\$ 430,634	\$ 408,695	\$ 124,424	\$ 354,809	\$ 39,142	\$ 27,217	\$ 22,873	\$ 250,487	\$ 71,656	\$ 837,247
Receivables:										
Taxes	7,942	6,523	-	6,880	2,280	4,851	1,120	6,598	6,473	-
Other	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 438,576	\$ 415,218	\$ 124,424	\$ 361,689	\$ 41,422	\$ 32,068	\$ 23,993	\$ 257,085	\$ 78,129	\$ 837,247
LIABILITIES										
Vouchers payable	\$ 1,854	\$ 2,768	\$ 19,909	\$ 6,984	\$ 15,968	\$ 19,767	\$ -	\$ -	\$ 381	\$ 97,499
Accrued liabilities	3,013	6,573	11,000	512	26,517	-	-	-	-	-
Due to other funds	-	-	67,426	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	4,867	9,341	98,335	7,496	42,485	19,767	-	-	381	97,499
DEFERRED INFLOWS OF RESOURCES										
Def Inflows-Property Taxes	7,476	6,107	-	6,384	2,111	4,512	1,046	6,119	6,007	-
Total deferred inflows	7,476	6,107	-	6,384	2,111	4,512	1,046	6,119	6,007	-
FUND BALANCE										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	426,233	399,770	26,089	347,809	(3,174)	7,789	22,947	250,966	71,741	739,748
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	426,233	399,770	26,089	347,809	(3,174)	7,789	22,947	250,966	71,741	739,748
Total liabilities, deferred inflows of resources and fund balances	\$ 438,576	\$ 415,218	\$ 124,424	\$ 361,689	\$ 41,422	\$ 32,068	\$ 23,993	\$ 257,085	\$ 78,129	\$ 837,247

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
 Nonmajor Governmental Funds (continued, page 2 of 3)
 September 30, 2015

	County Elections	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force
ASSETS											
Cash and investments	\$ 92,710	\$ 11,101	\$ 111,908	\$ 17,377	\$ -	\$ -	\$ 9,425	\$ 28,728	\$ 73,094	\$ -	\$ 8,280
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	12	-
Other	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 92,710	\$ 11,101	\$ 111,908	\$ 17,377	\$ -	\$ -	\$ 9,425	\$ 28,728	\$ 73,094	\$ 12	\$ 8,280
LIABILITIES											
Vouchers payable	\$ 89	\$ 1,485	\$ 547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	170	35	97	-	-	-	-	-	-	-	45
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	259	1,520	644	-	-	-	-	-	-	-	45
DEFERRED INFLOWS OF RESOURCES											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	-	-	7	-
Total deferred inflows	-	-	-	-	-	-	-	-	-	7	-
FUND BALANCE											
Restricted	-	-	-	-	-	-	-	-	-	5	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	92,451	9,581	111,264	17,377	-	-	9,425	28,728	73,094	-	8,235
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	92,451	9,581	111,264	17,377	-	-	9,425	28,728	73,094	5	8,235
Total liabilities, deferred inflows of resources and fund balances	\$ 92,710	\$ 11,101	\$ 111,908	\$ 17,377	\$ -	\$ -	\$ 9,425	\$ 28,728	\$ 73,094	\$ 12	\$ 8,280

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
 Nonmajor Governmental Funds (continued, page 3 of 3)
 September 30, 2015

	DARE Trust	Court Facilities	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
ASSETS											
Cash and investments	\$ 321	\$ 27,229	\$ 6,959	\$ -	\$ 290,816	\$ 141,783	\$ 315,873	\$ 61,624	\$ 17,670	\$ 2,737	\$ 3,784,819
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	-	42,679
Other	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	1,976	-	-	1,976
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 321	\$ 27,229	\$ 6,959	\$ -	\$ 290,816	\$ 141,783	\$ 315,873	\$ 63,600	\$ 17,670	\$ 2,737	\$ 3,829,474
LIABILITIES											
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ 175	\$ -	\$ 169	\$ 4,538	\$ -	\$ -	\$ 172,133
Accrued liabilities	-	-	-	-	-	-	-	836	-	-	48,798
Due to other funds	-	-	-	-	-	141,783	-	-	-	-	209,209
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	175	141,783	169	5,374	-	-	430,140
DEFERRED INFLOWS OF RESOURCES											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	-	-	-	39,769
Total deferred inflows	-	-	-	-	-	-	-	-	-	-	39,769
FUND BALANCE											
Restricted	-	-	-	-	-	-	-	-	-	-	5
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	321	27,229	6,959	-	290,641	-	315,704	58,226	17,670	2,737	3,359,560
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	321	27,229	6,959	-	290,641	-	315,704	58,226	17,670	2,737	3,359,565
Total liabilities, deferred inflows of resources and fund balances	\$ 321	\$ 27,229	\$ 6,959	\$ -	\$ 290,816	\$ 141,783	\$ 315,873	\$ 63,600	\$ 17,670	\$ 2,737	\$ 3,829,474

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, 2015

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 169,111	\$ 185,664	\$ 45,522	\$ 192,050	\$ 75,109	\$ 124,691	\$ 30,856	\$ 187,023	\$ 186,549	\$ -
Taxes - sales and other	26,145	29,142	8,553	29,975	11,657	19,401	4,829	29,142	29,142	-
Fees and fines	1,726	185,607	3,292	6,292	913	923	131	1,422	1,163	264,151
Intergovernmental	-	-	163,510	-	-	-	-	91,593	-	-
Interest	-	-	-	-	-	-	-	-	-	2,038
Grants and miscellaneous	156,766	636	853	83,479	-	1,528	-	57,073	-	-
Total revenues	353,748	401,049	221,730	311,796	87,679	146,543	35,816	366,253	216,854	266,189
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	467,275	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	266,491	-	-	-	-	-	-	-
Public safety	-	-	-	-	197,946	-	-	-	-	233,910
Other public service	-	280,458	-	248,407	-	-	-	250,500	215,708	-
Culture and recreation	-	-	-	-	-	60,815	25,867	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	467,275	280,458	266,491	248,407	197,946	60,815	25,867	250,500	215,708	233,910
Excess of revenues over (under) expenditures	(113,527)	120,591	(44,761)	63,389	(110,267)	85,728	9,949	115,753	1,146	32,279
Other financing sources (uses)										
Transfers in	-	-	135,000	-	125,000	10,000	-	-	55,000	-
Transfers out	-	-	-	-	-	(115,267)	-	-	-	(47,461)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	135,000	-	125,000	(105,267)	-	-	55,000	(47,461)
Net change in fund balances	(113,527)	120,591	90,239	63,389	14,733	(19,539)	9,949	115,753	56,146	(15,182)
Fund balance - beginning	539,760	279,179	(64,150)	284,420	(17,907)	27,328	12,998	135,213	15,595	754,930
Fund balance - ending	\$ 426,233	\$ 399,770	\$ 26,089	\$ 347,809	\$ (3,174)	\$ 7,789	\$ 22,947	\$ 250,966	\$ 71,741	\$ 739,748

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, 2015

	County Elections	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	-
Fees and fines	-	35,138	24,749	206,967	-	-	2,712	8,003	4,336	-	9,119
Intergovernmental	82,926	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	2,824	27,469	6	-	-	-	-	-	-	-	-
Total revenues	85,750	62,607	24,755	206,967	-	-	2,712	8,003	4,336	-	9,119
Expenditures:											
General government	81,823	-	-	192,675	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	6,500	6,873	-	29,295
Other public service	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	19,535	10,684	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	81,823	19,535	10,684	192,675	-	-	-	6,500	6,873	-	29,295
Excess of revenues over (under) expenditures	3,927	43,072	14,071	14,292	-	-	2,712	1,503	(2,537)	-	(20,176)
Other financing sources (uses)											
Transfers in	57,500	-	-	-	-	-	-	-	34,000	-	-
Transfers out	-	(41,203)	-	-	-	-	(2,400)	-	-	-	(34,000)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	57,500	(41,203)	-	-	-	-	(2,400)	-	34,000	-	(34,000)
Net change in fund balances	61,427	1,869	14,071	14,292	-	-	312	1,503	31,463	-	(54,176)
Fund balance - beginning	31,024	7,712	97,193	3,085	-	-	9,113	27,225	41,631	5	62,411
Fund balance - ending	\$ 92,451	\$ 9,581	\$ 111,264	\$ 17,377	\$ -	\$ -	\$ 9,425	\$ 28,728	\$ 73,094	\$ 5	\$ 8,235

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, 2015

	DARE Trust	Court Facilities	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,196,575
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	187,986
Fees and fines	-	9,250	-	-	23,756	-	-	493,493	-	-	1,283,143
Intergovernmental	-	-	-	-	-	-	2,705,707	57,976	-	-	3,101,712
Interest	-	-	-	7	-	-	-	-	5	-	2,050
Grants and miscellaneous	5,524	-	-	-	9,866	42,892	-	-	-	-	388,916
Total revenues	5,524	9,250	-	7	33,622	42,892	2,705,707	551,469	5	-	6,160,382
Expenditures:											
General government	-	-	-	-	29,233	-	2,784,917	-	-	-	3,088,648
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	467,275
Highways and roads	-	-	-	-	-	-	-	-	-	-	266,491
Public safety	7,227	-	-	-	-	-	-	555,580	-	-	1,037,331
Other public service	-	-	-	-	-	-	-	-	-	-	995,073
Culture and recreation	-	-	-	-	-	-	-	-	-	-	116,901
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	7,227	-	-	-	29,233	-	2,784,917	555,580	-	-	5,971,719
Excess of revenues over (under) expenditures	(1,703)	9,250	-	7	4,389	42,892	(79,210)	(4,111)	5	-	188,663
Other financing sources (uses)											
Transfers in	-	-	-	-	271,500	-	-	60,376	-	-	748,376
Transfers out	-	-	-	(971)	-	(141,783)	-	-	-	-	(383,085)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	-	(971)	271,500	(141,783)	-	60,376	-	-	365,291
Net change in fund balances	(1,703)	9,250	-	(964)	275,889	(98,891)	(79,210)	56,265	5	-	553,954
Fund balance - beginning	2,024	17,979	6,959	964	14,752	98,891	394,914	1,961	17,665	2,737	2,805,611
Fund balance - ending	\$ 321	\$ 27,229	\$ 6,959	\$ -	\$ 290,641	\$ -	\$ 315,704	\$ 58,226	\$ 17,670	\$ 2,737	\$ 3,359,565

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Position
 Agency Funds
 September 30, 2015

	Assessor Trust Fund	State Fund	Water Districts Fund	Court Trust	Taxing Districts Fund	Court Bonds	Court Restitution
ASSETS							
Cash and Investments	\$ 265,979	\$ 5,191	\$ -	\$ 92,591	\$ -	\$ 40,400	\$ (6,544)
Other Assets	-	-	-	-	-	-	-
Total assets	265,979	5,191	-	92,591	-	40,400	(6,544)
LIABILITIES							
Vouchers Payable	251,526	-	-	14	-	-	-
Accrued liabilities	14,453	-	9	2,335	-	8,048	4,311
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	265,979	-	9	2,349	-	8,048	4,311
NET POSITION							
Held in Trust	-	5,191	(9)	90,242	-	32,352	(10,855)
Total Net Position	\$ -	\$ 5,191	\$ (9)	\$ 90,242	\$ -	\$ 32,352	\$ (10,855)

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Position
 Agency Funds (continued, page 2 of 2)
 September 30, 2015

	Auditor's Trust Fund	Law Enforment Trust	Box Elder Bookmobile	Sheriffs Account	Tax Collector Account	Total Agency Funds
ASSETS						
Cash and Investments	\$ 6,027	\$ 10,394	\$ 7,315	\$ 1,149	\$ 67,778	\$ 490,280
Other Assets	-	-	-	-	-	-
Total assets	6,027	10,394	7,315	1,149	67,778	490,280
LIABILITIES						
Vouchers Payable	-	-	-	1,149	67,778	320,467
Accrued liabilities	-	-	-	-	-	29,156
Deferred Revenue	-	-	-	-	-	-
Total liabilities	-	-	-	1,149	67,778	349,623
NET POSITION						
Held in Trust	6,027	10,394	7,315	-	-	140,657
Total Net Position	\$ 6,027	\$ 10,394	\$ 7,315	\$ -	\$ -	\$ 140,657

See accompanying notes to the financial statements.

Evans Poulsen & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA
Jacob H. Catmull, CPA

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 20, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in 2015-1 of the accompanying schedule of findings and responses.

Cassia County's Response to Findings

Cassia County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Evans, Poulsen, & Catmull

May 20, 2016

CASSIA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2015

Finding 2015-1: Non-compliance with State statutes regarding open meetings

Criteria: Idaho statute requires commissioner meetings to be announced and open to the public.

Condition: The County has determined official business was conducted without an open meeting.

Cause: The County did not exercise due professional care to ensure compliance with State statutes and the Idaho Open Meeting Law.

Effect: Violations of State open meeting laws occurred.

Recommendation: The County should exercise due professional care to ensure compliance with Idaho open meeting laws.

Response: In fiscal year 2015, a citizen made a complaint alleging the Cassia County Commissioners violated Idaho's Open Meeting Law. Upon the request of the Cassia County Prosecutor, the Court appointed the Jerome County Prosecutor as a special prosecutor. In September 2015, the County Commissioners admitted to violating Idaho's Open Meeting Law and cured the same pursuant to Idaho statute. Upon curing the violation, there is no further penalty or financial exposure to Cassia County on this issue under Idaho law. After curing the violation, the special prosecutor closed the case. This matter is finalized and no further legal action is pending.

SINGLE AUDIT

Evans Poulsen & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Edward G. Evans, CPA
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Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Evans, Poulsen, & Catmill

May 20, 2016

CASSIA COUNTY

Schedule of Expenditures of Federal Awards For Year Ended September 30, 2015

Federal Grantor Program Title	Pass Through Grantor's ID #	Federal CFDA #	Expenditures
Department of Transportation			
Highway Planning and Construction	0348-1170	20.205	\$ 237
State and Community Highway Safety	0348-1170	20.600	3,299
Department of Transportation	0348-1170	20.616	6,486
Total Department of Transportation			\$ 10,022
Department of Parks and Recreation			
Boating Safety Financial Assistance	0348-1170	97.012	\$ 11,992
Total Department of Parks and Recreation			\$ 11,992
Office of Energy Resources			
Office of Energy Resources	0348-1170	Not Available	\$ 3,706
Total Office of Energy Resources			\$ 3,706
Military Division			
Emergency Management Performance Grants	0348-1170	97.042	\$ 11,288
Homeland Security Grant Program	0348-1170	97.067	26,189
Total Military Division			\$ 37,477
Department of the Interior			
Payments in Lieu of Taxes	N/A	15.226	\$ 1,937,101
Bureau of Land Management - Noxious Weed Control	N/A	15.230	82,732
Total Department of the Interior			\$ 2,019,833
Total Expenditures of Federal Awards			\$ 2,079,324

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, 2015

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:

<u>Title</u>	<u>CFDA #</u>
Payments in Lieu of Taxes	15.226

- 6 The threshold for distinguishing Types A and B programs was \$300,000.
- 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 OMB Circular A-133.

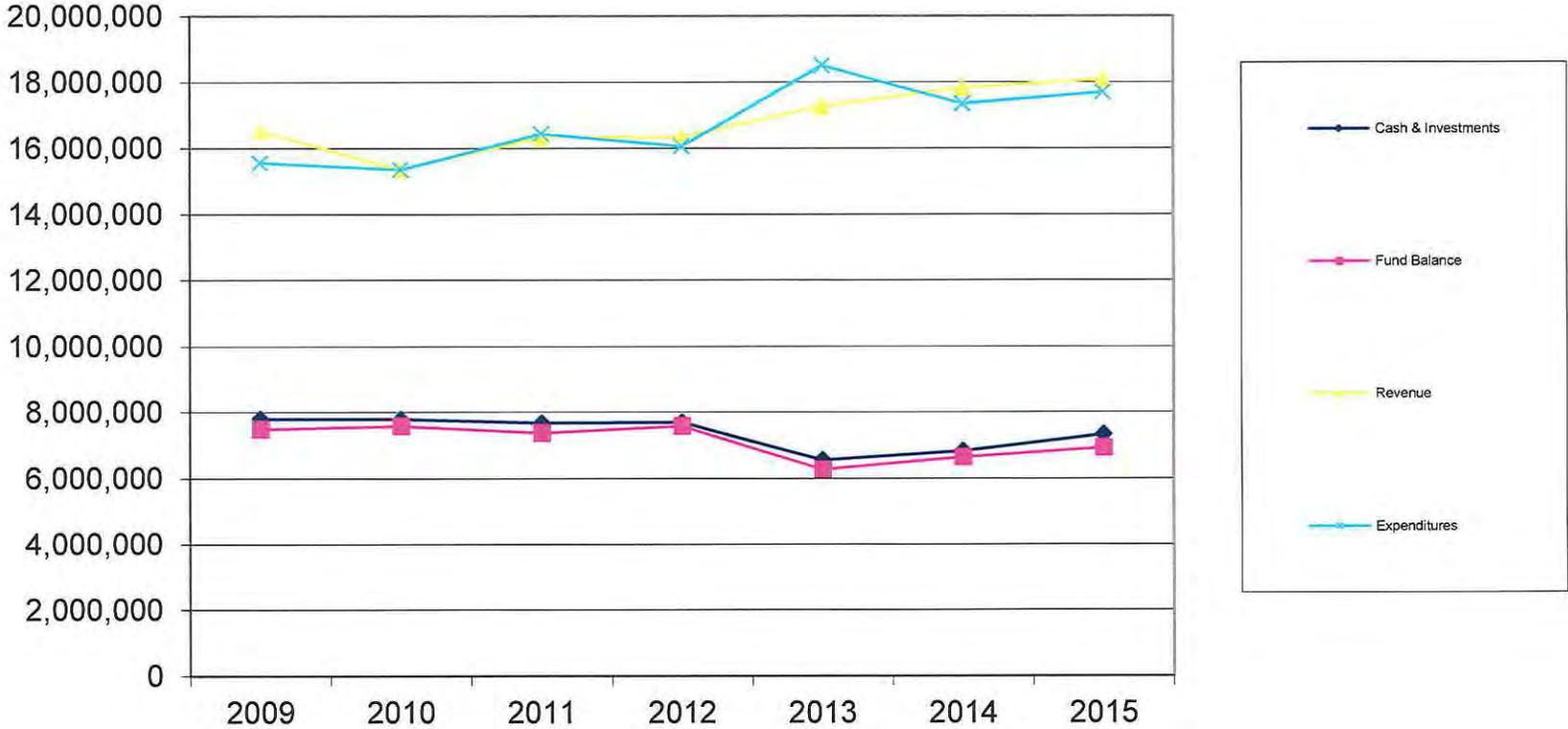
II. FINANCIAL STATEMENT FINDINGS:

There were no findings or questioned costs in the financial statements

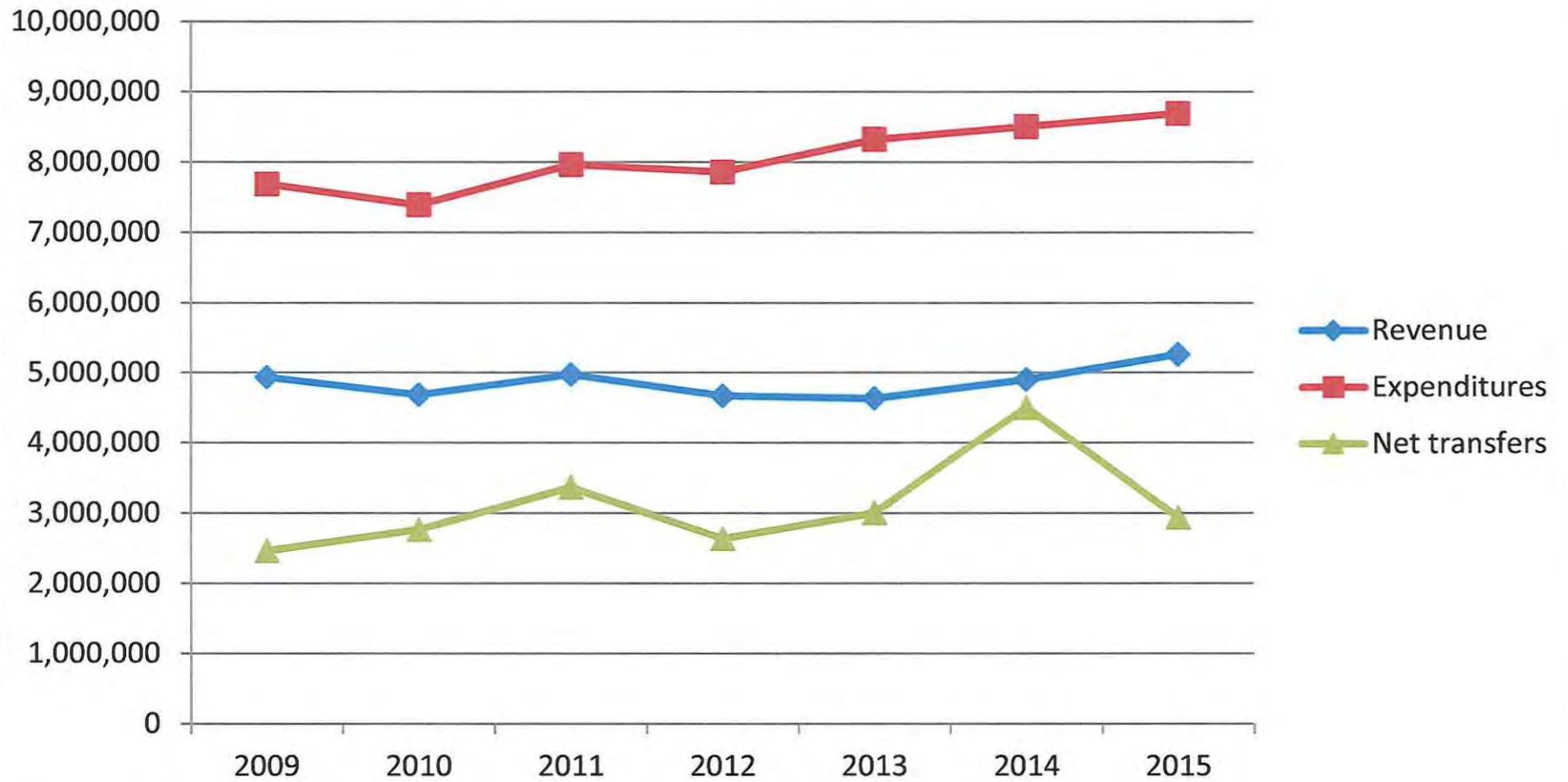
III. FEDERAL AWARD FINDINGS

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

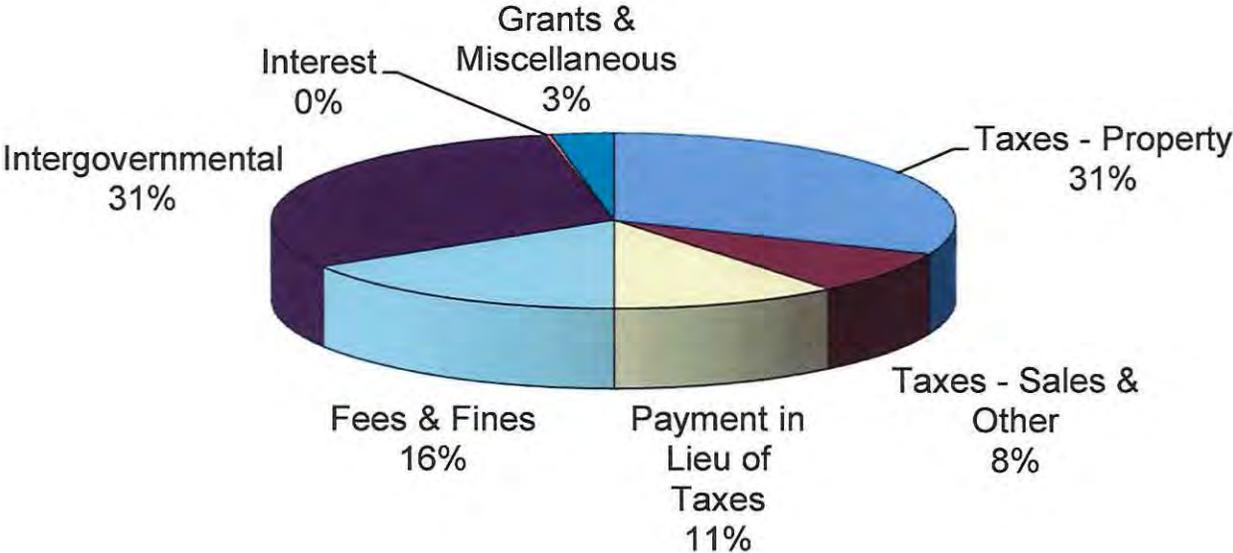
CASSIA COUNTY GOVERNMENTAL FUNDS



JUSTICE FUND



**CASSIA COUNTY REVENUES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2015**



**CASSIA COUNTY EXPENDITURES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2015**

