

**CASSIA COUNTY**

**BASIC FINANCIAL STATEMENTS  
With Supplemental Information**

**September 30, 2016**



**CASSIA COUNTY**  
**BASIC FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2016**  
**TABLE OF CONTENTS**

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<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Title Page	
Table of Contents	
Transmittal Letter	i - iv
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	
Management's Discussion and Analysis	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to the	
Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual:	
General Fund	18
Jail Trust Fund	19
Solid Waste Fund	20
Justice Fund	21
PILT	22
Statement of Fiduciary Net Position - Agency Funds	23
Notes to the Financial Statements	24 - 34
Required Supplementary Information (RSI)	
Schedule of Employer's Share of Net Pension Liab and Employer Contributions	35
Supplemental Information - Combining Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	36 - 38
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	39 - 41
Combining Statement of Fiduciary Net Position - Agency Funds	42 - 43
Independent Auditor's Report on Compliance and Internal Control	
with Schedule of Findings and Responses	44 - 45
<b>SINGLE AUDIT SECTION</b>	
Independent Auditor's Report on Compliance with Requirements	46 - 47
Applicable to Each Major Program - In Accordance with the	
Uniform Guidance	
Additional Schedules:	
Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs - Federal Awards	49



Office of the Clerk of the District Court

Cassia County, Idaho

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June 14, 2017

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, 2016. 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, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

### ***Cassia County Government Profile***

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

population base increased 7.2% in Cassia County from 21,416 in 2000 to 22,958 in 2010. Population estimates reflect an increase from 22,958 in 2010 to 23,540 currently. 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. The FCC mandated narrow banding and all licenses and repeaters were updated to be compatible with that mandate. Preparations are ongoing for a national implementation in the future of Next Generation 9-1-1.

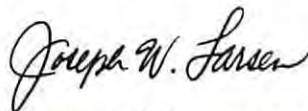
The County Road and Bridge department continues to work with roads within their district to assist with the repair and maintenance needs of rural county roads that are within the boundaries of that district. Culvert and bridge maintenance repair in the Elba and Almo areas continue to be necessary. Work 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. Some budgeted expenditures continue to merit more equitable scrutinizing by the Board of Commissioners to minimize optional service and expense rather than eliminate critical reserves in favor of random reductions in some areas and funding less critical areas 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**



# ***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**

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, 2016, 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 2015 financial statements and, in our opinion dated May 20, 2016, 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, 2016, 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 Note 14 to the financial statements, the County changed its policy regarding payment of unused accrued vacation and sick time upon termination, which has resulted in a restatement of net position as of October 1, 2015. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, 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*

June 14, 2017

***Cassia County  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2016***

I, Joseph W. Larsen, am the ex-officio auditor of Cassia County, Idaho. As such I function as budget officer and financial manager pursuant Idaho Statute § 31-160. My duties thereunder are to oversee financial accountability and to ensure that provisions of the budget are complied with for each department head and elected official. This narrative overview, analysis, and accompanying financial statements for the fiscal year ended September 30, 2016, is presented. Included are financial performance and activities of the governmental services of Cassia County for the Fiscal Year beginning October 1, 2015, through September 30, 2016. 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, 2016, and thereafter:

- GASB Statement No. 77 – Tax Abatement Disclosures
- GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants
- GASB Statement No. 80 – Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14
- GASB Statement No. 81 – Irrevocable Split-Interest Agreements
- GASB Statement No. 82 – Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73

Please refer to GASB 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 remained unchanged from the fiscal year ended September 30, 2015, and consisted of the following elected Officials at fiscal year ended September 30, 2016:

***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. They have relegated duties to the County Administrator that includes civil legal services, county risk manager, administrator of Planning and Zoning, and membership of various committees and subcommittees under the Board of County Commissioners.

### **Statutory Budget Requirements**

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

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

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

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

fiscal year. That must include any and all facts indicating any possible deficit or excessive expenditure from any appropriation. Idaho Code § 31-1611

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

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

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

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

## **Economic Conditions and Financial Outlook**

### ***Cassia County Demographics and Dilemmas***

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

The downline effect of the global and U.S. economy has served as an impediment to our local form of county government. Meeting objectives and mandates that are ever escalating as opposed to

the presence of somewhat adverse financial and economic conditions is a real challenge. Some include the following:

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

### ***Urban Renewal and Personal Property Tax Relief***

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

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



### ***PILT and SRS Funding***

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

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

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

The uncertainty year-to-year is particularly concerning to Cassia County in that we allocate over 65% of those projected annual proceeds for normal ongoing operations of the County, much of which is already expended before assurance of receipt of such funds. We navigated over 67% of fiscal year 2016 relying on and hoping for future receipts of PILT funds before they were even appropriated by the federal government. Over 75% of fiscal year 2016 had passed before those funds were sent out by the federal government on June 22, 2016 to rural county recipients such as Cassia County.

If for some reason PILT appropriations were reduced or discontinued, we potentially would have already expended nearly \$1.5 million to operate Cassia County, which funding then would out of necessity come directly from County reserves and fund balances. That difficult scenario would leave Cassia County dangerously close to the inability to function as usual even in the short run. Then, in just a few short months, financial exhaustion of fund balances and County reserves would change the way we comply with our statutory obligations and likely necessitate emergency measures under the statute to carry on with the administration of justice and providing of required county services.

The Secure Rural School (SRS) program was enacted in 2000 in response to the decline of revenue-generating activities curtailed by the enactment of federal policies. It was designed to allay lost revenues spawned by those policies in an effort to revive rural counties and school districts. In 2008, SRS was reauthorized to continue on a sliding payment scale. Most recently, SRS was reauthorized retroactive on April 16, 2015 for fiscal years 2014 and 2015. SRS expired at the end of 2015. Under Title I and II funding, one final SRS payment will be received by Cassia County. If not reauthorized by Congress in the next legislative session for this fiscal year and beyond, those lost allocated funds used for our Cassia County Road and Bridge maintenance of rural roads will create a significant shortfall. Only a sustainable long-term federal solution for funding will facilitate maintenance of our rural county roads and bridges not located within a highway district such as in the rural areas of Elba and Almo to the Utah border.

### ***Other Revenue Source Reductions***

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

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

### ***Property Taxation and Levying Power***

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

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

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

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

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

- Support of a resolution for a permanent levy override election question to the voting public to elevate tax rates to the level forfeited by foregoing such.

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

### **Government-wide Financial Statements**

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

### **Taxation and Finance**

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

Property Taxes raise a substantial amount of money and are in fact, the largest single source of taxation revenue. The assessment of property valuations is required to be completed in a timely basis utilizing the most accurate procedures and in accordance with the standards of the International Association of Assessing Officers, as required under Idaho Statute and as promulgated by rule from the Idaho State Tax Commission. Property tax revenues continue to be insufficient to support all the functions of local government and to provide supplementary payments. Amounts of authorized federally-funded PILT for federal-owned lands has reached full funding for Cassia County at just over \$2,000,000 annually. The volatility of receipt of those funds are critical as they currently are appropriated late in the year at the will of the federal legislature rather than as an ongoing and permanent appropriation. As the enormous federal debt is accumulating with little relief in sight, reduction or discontinuance of those payments could easily happen at any time. Critical to Cassia County is the continual reliance on those annual proceeds to fund ongoing expenditures, of which all personnel expenses for wages, salaries, overtime, accrued time, county-funded portions of insurance, county-funded PERSI retirement portions, worker's compensation premiums, county-funded dental payments, county-funded short term disability payments, county-funded term life insurance, FICA portions of payment, and Medicare portions of payment all liabilities must be sustainable to remain viable and solvent. Repeated warnings of the lack of sustainability of elevated expenditures being paid with non-renewable or less than fully reliable revenue streams have consistently been articulated by the Cassia County Budget Officer to the governing authority. Critical increases in Justice Fund expenditures with decreasing ability to fund such have also been noted by Cassia County's independent outside auditor to the governing board.

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

### **Fund Financial Statements**

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

## County Funds

The taxing funds listed below have their own individual levy limits which are set by Idaho Statute and cannot exceed maximum levy rates nor can they be intermingled with other funds. Those 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.

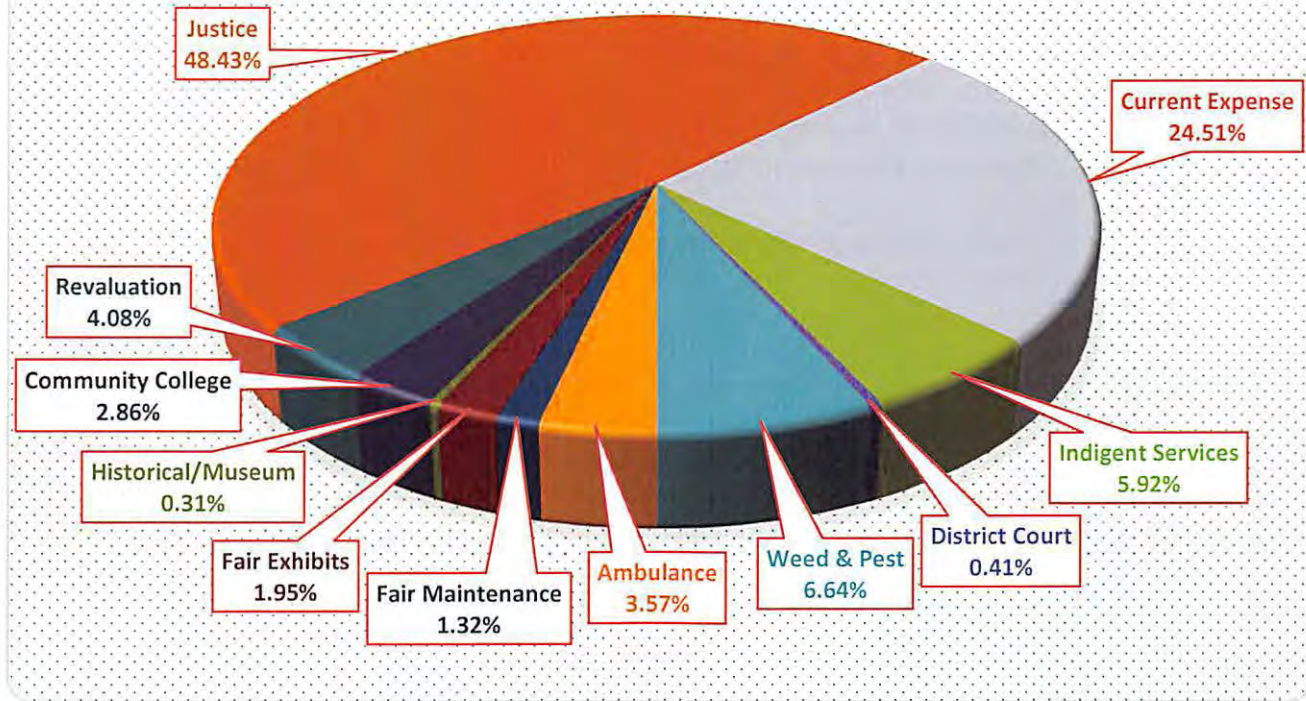
Fiscal Year 2016 experienced the following in regards to levy rates and funds those levied amounts generate:

<u>Fund</u>	<u>Current Levy Rate</u>	<u>Maximum Levy Rate</u>
<b>Major Funds:</b>		
Current Expense	0.000861826	0.00260
Justice	0.001703183	0.00200
<b>Other Funds:</b>		
Indigent/Social Services	0.000208275	0.00100
District Court	0.000014364	0.00040
Noxious Weeds	0.000233411	0.00060
Ambulance	0.000125683	0.00020
County Fair Operations	0.000046323	0.00010
County Fair Exhibits	0.000068587	0.00020
Historical Society/Museum	0.000010773	0.00012
Junior College Tuition	0.000100546	0.00060
Revaluation	0.000143638	0.00040

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

**2016 Total Cassia County Levy Rate:**  
**.003516609**

### FY206 CASSIA COUNTY FUND PROPORTION OF OVERALL LEVY



The funds in the above chart lists the proportion of assessed market valuation of overall 2016 property tax proceeds.

### Cassia County Revenue

#### Fee Collections

Solid Waste Collection  
Snowmobile  
Domestic Abuse  
Grants  
Forest Service

Sheriff Drug Enforcement  
Waterways  
EMS  
Disaster Services Support  
Interlock Fund  
Juvenile Justice Lottery Tax

911 Emergency Services  
Industrial Property Litigation  
Noxious Weed Support  
Misdemeanor Probation Fund  
Court Facilities

### **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 FY2015 and FY2016:

**Remaining Cash Balance**

	<u>Ending FY2015</u>	<u>Ending FY2016</u>	<u>Difference</u>	<u>Change</u>
<b>Current Expense:</b>	<b>\$1,813,694.17</b>	<b>\$2,164,352.76</b>	<b>\$350,658.59</b>	<b>+19.33%</b>
<b>Justice:</b>	<b>\$417,596.56</b>	<b>\$743,122.16</b>	<b>\$325,525.60</b>	<b>+77.59%</b>

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 again in the coming fiscal year.

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 requests, costs of incarceration, and what could be better managerial oversight of expenditures differentiating needs from wants. It is important to note that the Jail Bond payments were completed in 2006, but elevated costs for needed for security, maintenance, competitive wages and salaries for retaining of personnel, and heavy upper management costs at the Mini-Cassia Criminal Justice Center. The Supreme Court is implementing new enterprise software and going to a paperless process for all cases during FY2017. That too will also press levy funding to the maximum limits with the Justice Fund into the foreseeable future.

**City of Burley Law Enforcement Agreement**

A contract for Cassia County providing law enforcement to the City of Burley has been negotiated between the two parties. That arrangement has undeniably provided financial advantages to both entities. Mutual benefits come by the minimizing of duplicated service, through reduction in costs of operating expenditures, and from the benefits derived from overall economy of scales. However, increasing differences in opinion as to the appropriate cost for both sides of the agreement has hampered the inherent benefit realized by both parties. Waning trust and difference of opinions spawned the formation of a Law Enforcement Committee to explore the matter and make a recommendation to both parties. That committee gathered information and made some recommendations, though not completely financially inclusive (i.e. workers compensation costs, unforeseen emergency allocations, costs of conducting business that has historically always exceeded the agreed upon 2% increase, deductibles on insurance claims, costs relating to liability and tort claims, complete elimination of dispatch cost sharing that previously was funded by the City of Burley at 60% of total costs, expenditures for law enforcement in the City of Burley business areas that are located in Minidoka County, vehicle insurance, vehicle accessories and equipment, costs of capital repairs and insurance with the law enforcement building, etc.).

Budgeting each year is a fluid process for that agreement. It includes ongoing variables in calculations as per cost. Employees with seniority retire or quit and are replaced with entry level officers. POST training levels and frequency varies with each officer based on requirements. Fuel prices



are volatile and comprise a large part of overall costs. Levels of crime, patrol needs, infractions, costs of conducting business, and general law enforcement vary by need and by management style. Most critical to the Auditor's Office is that those service costs are required to balance with levying power, carryover reserve balances, overall county budget constraints, and providing of all other statutorily-required services. Every service requires a collective balance to stay within constraints of identifiable revenues which are continually decreasing with very limited ability to generate additional income.

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

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. However, in business structure, accounting, and legally, it is not a partnership but rather a contractual agreement between the vendor, Cassia County and the customer desiring services, the City of Burley. As such, for more predictable ability and to be fair to both parties, my recommendation remains that the Board of Commissioners 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 and 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 continue to require sensible reductions in expenditures in all feasible areas of non-required or non-mandated services and personnel. The fund balances for the Current Expense Fund and the Justice Fund are projected to experience even further decreases for the fiscal year ending September 30, 2017, unless curtailment of spending for personnel and services are closely evaluated.

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 federal and state resources should require all optional

services and personnel expenses to be seriously considered for reduction or elimination prior to a financial dilemma rather than as a result of one. Prudent spending is mandatory to insure deliverance of required County services and to minimize the potential necessity of workforce reductions.

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

Cassia County does not have a fixed salary scale with grades and steps, although this budget officer has in the past recommended such and will also continue to do such in the future. 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 June 6, 2016, an addendum to that which was provided to them previously in July of 2015. These items are identifiable possibilities to consider and **are not** recommendations, but rather just potential 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 decrease, 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 FY2017 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, tightening of internal control related to inventory, 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 needs to be followed for all procurements in the county. 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. Appropriate further improvement of our GIS system, the County Emergency 9-1-1 telephone system, and preparations for Next Generation 9-1-1.

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*

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**(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.

## ***Fiscal Year 2017 Budget***

***June 5, 2016***

***(Addendum)***

29. Limit Credit Card Purchases/Strict Oversight of Online Purchases
30. Reevaluate Clothing/Uniform Expense Line Items
31. Evaluate Financial Responsibility of County Fair Versus County Fair Exhibit Obligation
32. Wage and Salary Freeze Including All Certifications for Fiscal Year 2017
33. Evaluate Success of Potential Grants Identified by Purchase of New Grant Software
34. Eliminate Taxpayer Funding of Concessions for Staff Consumption
35. Reevaluate Accrual Accumulation with Exempt Employees and Potential Financial Liability
36. Require Ending Fund Balances to Never Fall Below Beginning Balances
37. Reduce Budgeted Expenditures During the Course of the Next Fiscal Year to Reflect Budgeted Revenue Shortfalls
38. Consider A Taxing District Special Question Election for a Permanent Levy Override for Cassia County to Reset Levy Base to Meet County Financial Obligations

## **BASIC FINANCIAL STATEMENTS**

**CASSIA COUNTY**

**Statement of Net Position  
September 30, 2016**

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>				
Cash and Investments	\$ 8,327,561	\$ 7,339,412	\$ 173,510	\$ 133,647
Receivables:				
Taxes	239,727	225,669	-	-
Other	9,685	-	22,700	14,204
Prepaid Expenses	86,171	84,481	-	-
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	5,268,817	5,474,628	21,810	29,494
Other Assets	-	-	-	2,845
<b>Total assets</b>	<b>15,599,012</b>	<b>14,791,241</b>	<b>218,020</b>	<b>180,190</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>				
Pension Obligations	2,202,103	1,239,872	-	-
<b>Total deferred inflows of resources</b>	<b>2,202,103</b>	<b>1,239,872</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Vouchers Payable and Accrued Liabilities	521,444	499,514	20,147	27,343
Interest Payable	-	-	-	-
Compensated Absences Payable	282,775	271,465	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Net Pension Liability	3,980,432	2,696,650	-	-
<b>Total liabilities</b>	<b>4,784,651</b>	<b>3,467,629</b>	<b>20,147</b>	<b>27,343</b>
<b>DEFERED INFLOWS OF RESOURCES</b>				
Employer Pension Assumption	1,439,504	1,739,377	-	-
<b>Total deferred inflows of resources</b>	<b>1,439,504</b>	<b>1,739,377</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Invested in Capital Assets, net of related debt	6,935,868	7,141,679	21,810	29,494
Restricted for:				
Jail Operations/Benefit of Inmates	63,472	176,122	-	-
County Employee Benefits	152,349	315,704	-	-
Special Revenue Purposes	3,652,985	3,652,985	-	-
Unrestricted	772,286	(462,383)	176,063	123,353
<b>Total Net Position</b>	<b>\$ 11,576,960</b>	<b>\$ 10,824,107</b>	<b>\$ 197,873</b>	<b>\$ 152,847</b>

See accompanying notes to the financial statements.



**CASSIA COUNTY**

Statement of Activities  
For the Year Ended September 30, 2016

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
					Governmental Activities		Fair Board	
					2016	2015	2016	2015
<b>Governmental Activities:</b>								
General Government	\$ 5,767,379	\$ 4,470,900	\$ -	\$ -	\$ (1,296,479)	\$ (1,999,013)		
Indigent Assistance	374,099	-	-	-	(374,099)	(467,275)		
Highways and Roads	346,361	-	-	-	(346,361)	(295,155)		
Public Safety	9,577,820	3,677,087	19,021	-	(5,881,712)	(4,849,844)		
Other Public Service	1,619,882	315,855	100,000	-	(1,204,027)	(1,199,296)		
Culture and Recreation	88,876	56,875	10,407	-	(21,594)	(43,876)		
Interest	674	-	-	-	(674)	(895)		
Total Governmental Activities	\$ 17,775,091	\$ 8,520,717	\$ 129,428	\$ -	(9,124,946)	(8,855,354)		
<b>Component Unit:</b>								
Cassia County Fair & Rodeo	\$ 376,867	\$ 306,082	\$ -	\$ -			\$ (70,785)	\$ (89,167)
<b>General Revenues</b>								
Property Taxes Levied for:								
General Purposes					2,768,269	2,728,543	-	-
Indigent Assistance					111,803	167,818	-	-
Highways and Roads					18,679	45,522	-	-
Public Safety					2,845,659	2,721,879	-	-
Bond Interest & Redemption					-	-	-	-
In Lieu of Taxes					2,363,900	1,939,070	-	-
Sales & Other Taxes					1,517,915	1,449,675	-	-
Investment Earnings					50,121	40,440	11	1,368
Miscellaneous					317,253	376,952	-	-
Gain/(Loss) on Sale of Capital Assets					-	-	-	-
Transfers					(115,800)	(115,267)	115,800	115,267
Total General Revenues and Transfers					9,877,799	9,354,632	115,811	116,635
Change in Net Position					752,853	499,278	45,026	27,468
Net Position Beginning of Year					10,824,107	10,324,829	152,847	125,379
Net Position End of Year					\$ 11,576,960	\$ 10,824,107	\$ 197,873	\$ 152,847

See accompanying notes to the financial statements.

# CASSIA COUNTY

Combining Balance Sheet  
Governmental Funds  
September 30, 2016

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2016	Total Govt Funds 2015
<b>ASSETS</b>								
Cash and investments	\$ 2,169,478	\$ 63,482	\$ 382,363	\$ 743,122	\$ 1,537,851	\$ 3,431,265	\$ 8,327,561	\$ 7,339,412
Receivables:								
Taxes	54,453	-	42,502	101,278	-	41,494	239,727	225,669
Other	-	-	-	-	-	9,685	9,685	-
Prepaid expenses	86,171	-	-	-	-	-	86,171	84,481
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	45,174	-	-	-	-	-	45,174	211,185
Restricted assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,355,276</b>	<b>\$ 63,482</b>	<b>\$ 424,865</b>	<b>\$ 844,400</b>	<b>\$ 1,537,851</b>	<b>\$ 3,482,444</b>	<b>\$ 8,708,318</b>	<b>\$ 7,860,747</b>
<b>LIABILITIES</b>								
Liabilities:								
Vouchers payable	\$ 87,468	\$ -	\$ -	\$ 213,570	\$ -	\$ 153,708	\$ 454,746	\$ 422,065
Accrued liabilities	10,859	10	-	18,031	-	37,798	66,698	77,449
Due to other funds	-	-	-	-	-	45,174	45,174	211,185
Other liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>98,327</b>	<b>10</b>	<b>-</b>	<b>231,601</b>	<b>-</b>	<b>236,680</b>	<b>566,618</b>	<b>710,699</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Inflows of Property Taxes	49,764	-	37,885	92,882	-	38,078	218,609	209,880
<b>Total deferred inflows of resources</b>	<b>49,764</b>	<b>-</b>	<b>37,885</b>	<b>92,882</b>	<b>-</b>	<b>38,078</b>	<b>218,609</b>	<b>209,880</b>
<b>Fund Balance:</b>								
Restricted	-	63,472	-	-	-	5	63,477	176,127
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	386,980	519,917	-	3,207,681	4,114,578	3,968,683
Unassigned	2,207,185	-	-	-	1,537,851	-	3,745,036	2,795,358
<b>Total fund balances</b>	<b>2,207,185</b>	<b>63,472</b>	<b>386,980</b>	<b>519,917</b>	<b>1,537,851</b>	<b>3,207,686</b>	<b>7,923,091</b>	<b>6,940,168</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,355,276</b>	<b>\$ 63,482</b>	<b>\$ 424,865</b>	<b>\$ 844,400</b>	<b>\$ 1,537,851</b>	<b>\$ 3,482,444</b>	<b>\$ 8,708,318</b>	<b>\$ 7,860,747</b>

See accompanying notes to the financial statements.

## CASSIA COUNTY

### Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities September 30, 2016

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Total Governmental Fund Balances		\$	7,923,091
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.			6,935,868
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Property Taxes			218,609
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.			(4,263,208)
Balances at September 30, 2016:			
Deferred outflows of resources pension expense	2,025,839		
Deferred outflow of 2016 employer contributions	<u>176,264</u>		
			2,202,103
Deferred inflows or resources related to pensions.			<u>(1,439,503)</u>
Net Position of Governmental Activities		\$	<u>11,576,960</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, 2016

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2016	Total Govt Funds 2015
<b>Revenues:</b>								
Taxes - property	\$ 1,642,997	\$ -	\$ 567,301	\$ 2,617,959	\$ -	\$ 907,425	\$ 5,735,682	\$ 5,659,038
Taxes - sales and other	547,333	-	-	822,220	-	148,362	1,517,915	1,449,675
Payment in lieu of taxes	-	-	-	-	2,363,900	-	2,363,900	1,939,070
Fees and fines	553,308	815,993	-	200,638	-	1,346,585	2,916,524	2,907,280
Intergovernmental	19,041	638,702	-	1,533,636	211,000	3,201,814	5,604,193	5,560,022
Interest	48,407	-	-	-	-	1,714	50,121	40,440
Grants and miscellaneous	54,235	9,152	-	43,727	-	339,567	446,681	539,966
<b>Total revenues</b>	<b>2,865,321</b>	<b>1,463,847</b>	<b>567,301</b>	<b>5,218,180</b>	<b>2,574,900</b>	<b>5,945,467</b>	<b>18,635,016</b>	<b>18,095,491</b>
<b>Expenditures:</b>								
General government	2,659,440	-	-	-	-	3,019,185	5,678,625	5,564,230
Indigent Assistance	-	-	-	-	-	374,099	374,099	467,275
Highways and roads	-	-	-	-	-	301,007	301,007	266,491
Public safety	-	-	-	8,436,281	-	1,056,392	9,492,673	9,728,907
Other public service	-	-	599,082	-	-	1,016,261	1,615,343	1,552,102
Culture and recreation	-	-	-	-	-	74,545	74,545	116,901
Debt Service	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,659,440</b>	<b>-</b>	<b>599,082</b>	<b>8,436,281</b>	<b>-</b>	<b>5,841,489</b>	<b>17,536,292</b>	<b>17,695,906</b>
<b>Excess of rev over(under) expend</b>	<b>205,881</b>	<b>1,463,847</b>	<b>(31,781)</b>	<b>(3,218,101)</b>	<b>2,574,900</b>	<b>103,978</b>	<b>1,098,724</b>	<b>399,585</b>
<b>Other financing sources (uses)</b>								
Transfers in	75,903	1,296,831	-	5,088,644	-	541,089	7,002,467	5,749,384
Transfers out	-	(2,873,328)	-	(1,540,987)	(1,907,006)	(796,946)	(7,118,267)	(5,864,651)
Sale of capital assets	-	-	-	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>75,903</b>	<b>(1,576,497)</b>	<b>-</b>	<b>3,547,657</b>	<b>(1,907,006)</b>	<b>(255,857)</b>	<b>(115,800)</b>	<b>(115,267)</b>
<b>Net change in fund balances</b>	<b>281,784</b>	<b>(112,650)</b>	<b>(31,781)</b>	<b>329,556</b>	<b>667,894</b>	<b>(151,879)</b>	<b>982,924</b>	<b>284,318</b>
<b>Fund balance - beginning</b>	<b>1,925,401</b>	<b>176,122</b>	<b>418,761</b>	<b>190,362</b>	<b>869,957</b>	<b>3,359,565</b>	<b>6,940,168</b>	<b>6,655,850</b>
<b>Fund balance - ending</b>	<b>\$ 2,207,185</b>	<b>\$ 63,472</b>	<b>\$ 386,980</b>	<b>\$ 519,918</b>	<b>\$ 1,537,851</b>	<b>\$ 3,207,686</b>	<b>\$ 7,923,092</b>	<b>\$ 6,940,168</b>

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, 2016

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Net Change in Fund Balances - Total Governmental Funds \$ 982,924

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	\$ 187,418	
Depreciation expense	<u>(393,229)</u>	(205,811)

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	-
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Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

	8,728
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The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

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

	(11,311)
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In the Governmental Funds, pension contributions are considered an expense, while on the statement of activities the contributions are considered a deferred outflow

In the Governmental Funds, benefits earned net of employee contributions is not recognized as revenue.	(21,677)
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Change in Net Position of Governmental Activities	<u>\$ 752,853</u>
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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, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget: Favorable (Unfavorable)	2015 Actual
<b>Revenues:</b>					
Taxes - property	\$ 1,604,801	\$ 1,604,801	\$ 1,642,997	\$ 38,196	\$ 1,450,075
Taxes - sales and other	500,000	500,000	547,333	47,333	495,953
Fees and fines	456,470	456,470	553,308	96,838	525,633
Intergovernmental	9,000	9,000	19,041	10,041	11,313
Interest	25,000	25,000	48,407	23,407	38,390
Grants and miscellaneous	26,176	26,176	54,235	28,059	55,256
<b>Total revenues</b>	<b>2,621,447</b>	<b>2,621,447</b>	<b>2,865,321</b>	<b>243,874</b>	<b>2,576,620</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Commissioners	175,204	175,204	137,379	37,825	145,890
Auditor	247,005	247,005	211,974	35,031	181,438
Treasurer	194,004	194,004	186,379	7,625	186,589
Assessor	407,609	407,609	393,921	13,688	400,711
Ag. extension	193,246	193,246	188,931	4,315	187,133
Buildings	366,918	366,918	302,130	64,788	274,739
Judicial Center	47,000	47,000	24,393	22,607	17,485
Board of health	120,776	120,776	120,776	-	117,162
Planning and zoning	235,112	235,112	209,170	25,942	184,291
General	519,750	519,750	391,262	128,488	352,692
Civil defense	39,142	39,142	39,034	108	38,628
Elections	132,741	132,741	107,725	25,016	82,858
Law Enforcement Building	31,800	31,800	31,235	565	-
County Administration	338,383	338,383	303,281	35,102	294,390
Veterans officer	12,000	12,000	11,850	150	11,576
<b>Total expenditures</b>	<b>3,060,690</b>	<b>3,060,690</b>	<b>2,659,440</b>	<b>401,250</b>	<b>2,475,582</b>
<b>Excess of rev over(under) expend</b>	<b>(439,243)</b>	<b>(439,243)</b>	<b>205,881</b>	<b>645,124</b>	<b>101,038</b>
<b>Other financing sources (uses):</b>					
Transfers in	80,000	80,000	75,903	(4,097)	48,432
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>80,000</b>	<b>80,000</b>	<b>75,903</b>	<b>(4,097)</b>	<b>48,432</b>
<b>Net change in fund balances</b>	<b>(359,243)</b>	<b>(359,243)</b>	<b>281,784</b>	<b>641,027</b>	<b>149,470</b>
<b>Fund balance - beginning</b>	<b>1,925,401</b>	<b>1,925,401</b>	<b>1,925,401</b>	<b>-</b>	<b>1,775,931</b>
<b>Fund balance - ending</b>	<b>\$ 1,566,158</b>	<b>\$ 1,566,158</b>	<b>\$ 2,207,185</b>	<b>\$ 641,027</b>	<b>\$ 1,925,401</b>

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, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget: Favorable (Unfavorable)	2015 Actual
<b>Revenues:</b>					
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	768,460	768,460	815,993	47,533	914,539
Intergovernmental	638,702	638,702	638,702	-	667,778
Grants and miscellaneous	9,000	9,000	9,152	152	19,076
<b>Total revenues</b>	<b>1,416,162</b>	<b>1,416,162</b>	<b>1,463,847</b>	<b>47,685</b>	<b>1,601,393</b>
<b>Expenditures:</b>					
Public safety:					
Miscellaneous	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of rev over(under) expend</b>	<b>1,416,162</b>	<b>1,416,162</b>	<b>1,463,847</b>	<b>47,685</b>	<b>1,601,393</b>
<b>Other financing sources (uses):</b>					
Transfers in	1,284,621	1,284,621	1,296,831	12,210	1,077,249
Transfers out	(3,105,593)	(3,105,593)	(2,873,328)	232,265	(2,893,294)
Sale of capital assets	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>(1,820,972)</b>	<b>(1,820,972)</b>	<b>(1,576,497)</b>	<b>244,475</b>	<b>(1,816,045)</b>
<b>Net change in fund balances</b>	<b>(404,810)</b>	<b>(404,810)</b>	<b>(112,650)</b>	<b>292,160</b>	<b>(214,652)</b>
<b>Fund balance - beginning</b>	<b>176,122</b>	<b>176,122</b>	<b>176,122</b>	<b>-</b>	<b>390,774</b>
<b>Fund balance - ending</b>	<b>\$ (228,688)</b>	<b>\$ (228,688)</b>	<b>\$ 63,472</b>	<b>\$ 292,160</b>	<b>\$ 176,122</b>

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, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget: Favorable (Unfavorable)	2015 Actual
<b>Revenues:</b>					
Taxes/use fees	\$ 575,000	\$ 575,000	\$ 567,301	\$ (7,699)	\$ 557,463
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>575,000</b>	<b>575,000</b>	<b>567,301</b>	<b>(7,699)</b>	<b>557,463</b>
<b>Expenditures:</b>					
Landfill costs	628,565	628,565	599,082	29,483	557,029
Risk Management & Insurance	-	-	-	-	-
Remote Site Collection	-	-	-	-	-
<b>Total expenditures</b>	<b>628,565</b>	<b>628,565</b>	<b>599,082</b>	<b>29,483</b>	<b>557,029</b>
Excess of rev over(under) expend	(53,565)	(53,565)	(31,781)	21,784	434
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(53,565)	(53,565)	(31,781)	21,784	434
Fund balance - beginning	418,327	418,327	418,761	434	418,327
Fund balance - ending	\$ 364,762	\$ 364,762	\$ 386,980	\$ 22,218	\$ 418,761

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, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget: Favorable (Unfavorable)	2015 Actual
<b>Revenues:</b>					
Taxes - property	\$ 2,549,286	\$ 2,549,286	\$ 2,617,959	\$ 68,673	\$ 2,454,925
Taxes - sales and other	670,000	670,000	822,220	152,220	765,736
Fees and fines	223,350	223,350	200,638	(22,712)	183,965
Intergovernmental	1,500,200	1,500,200	1,533,636	33,436	1,779,219
Grants and miscellaneous	32,250	32,250	43,727	11,477	76,718
<b>Total revenues</b>	<b>4,975,086</b>	<b>4,975,086</b>	<b>5,218,180</b>	<b>243,094</b>	<b>5,260,563</b>
<b>Expenditures:</b>					
<b>Public safety:</b>					
District Court	478,711	478,711	465,219	13,492	490,263
Conflict Public Defender	151,000	151,000	159,798	(8,798)	112,621
Juvenile justice	154,995	154,995	154,995	-	142,550
Prosecuting attorney	475,007	475,007	443,840	31,167	424,508
Public defender	545,211	545,211	532,205	13,006	519,413
Coroner	57,151	57,151	53,415	3,736	57,659
Law buildings	-	-	-	-	31,078
Sheriff patrol	1,807,151	1,807,151	1,769,043	38,108	1,884,954
Investigations	405,607	405,607	395,374	10,233	420,994
Dispatch	480,961	483,961	480,845	3,116	473,723
Administration	603,098	603,098	597,651	5,447	661,816
Detention center	3,105,593	3,105,593	2,873,328	232,265	3,056,660
Juvenile center	510,568	510,568	510,568	-	415,337
<b>Total expenditures</b>	<b>8,775,053</b>	<b>8,778,053</b>	<b>8,436,281</b>	<b>341,772</b>	<b>8,691,576</b>
<b>Excess of rev over(under) expend</b>	<b>(3,799,967)</b>	<b>(3,802,967)</b>	<b>(3,218,101)</b>	<b>584,866</b>	<b>(3,431,013)</b>
<b>Other financing sources (uses):</b>					
Transfers in	5,026,616	5,026,616	5,088,644	62,028	3,875,327
Transfers out	(1,244,621)	(1,244,621)	(1,540,987)	(296,366)	(935,466)
Sale of capital assets	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>3,781,995</b>	<b>3,781,995</b>	<b>3,547,657</b>	<b>(234,338)</b>	<b>2,939,861</b>
<b>Net change in fund balances</b>	<b>(17,972)</b>	<b>(20,972)</b>	<b>329,556</b>	<b>350,528</b>	<b>(491,152)</b>
<b>Fund balance - beginning</b>	<b>190,362</b>	<b>190,362</b>	<b>190,362</b>	<b>-</b>	<b>681,514</b>
<b>Fund balance - ending</b>	<b>\$ 172,390</b>	<b>\$ 169,390</b>	<b>\$ 519,918</b>	<b>\$ 350,528</b>	<b>\$ 190,362</b>

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, 2016

	Original Budget	Final Budget	2016 Actual	Variance with Final Budget: Favorable (Unfavorable)	2015 Actual
<b>Revenues:</b>					
Payment in lieu of taxes	\$ 1,700,000	\$ 1,700,000	\$ 2,363,900	\$ 663,900	\$ 1,939,070
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>2,363,900</b>	<b>663,900</b>	<b>1,939,070</b>
<b>Expenditures:</b>					
Other public service	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of rev over(under) expend</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>2,363,900</b>	<b>663,900</b>	<b>1,939,070</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	(1,900,000)	(1,900,000)	(1,907,006)	(7,006)	(1,652,806)
Sale of capital assets	-	-	-	-	-
<b>Total other fin sources(uses)</b>	<b>(1,900,000)</b>	<b>(1,900,000)</b>	<b>(1,907,006)</b>	<b>(7,006)</b>	<b>(1,652,806)</b>
<b>Net change in fund balances</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>456,894</b>	<b>656,894</b>	<b>286,264</b>
<b>Fund balance - beginning</b>	<b>869,957</b>	<b>869,957</b>	<b>869,957</b>	<b>-</b>	<b>583,693</b>
<b>Fund balance - ending</b>	<b>\$ 669,957</b>	<b>\$ 669,957</b>	<b>\$ 1,326,851</b>	<b>\$ 656,894</b>	<b>\$ 869,957</b>

See accompanying notes to the financial statements.

**CASSIA COUNTY**

**Statement of Fiduciary Net Assets  
Agency Funds  
September 30, 2016**

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and Investments	\$ 510,413
Other Assets	-
Total assets	510,413
<b>LIABILITIES</b>	
Vouchers Payable and Accrued Liabilities	443,241
Deferred Revenue	-
Total liabilities	443,241
<b>NET ASSETS</b>	
Held in Trust	67,172
Total Net Assets	\$ 67,172

See accompanying notes to the financial statements.

## CASSIA COUNTY

Notes to Financial Statements  
September 30, 2016

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### 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, 2016

The County reports the following major governmental funds:

General Fund (Current Expense Fund)

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Jail Trust

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

Solid Waste Fund

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

Justice Fund

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

Payment in Lieu of Taxes Fund (PILT)

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

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

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

#### E. Deposits and Investments

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (years)</u>
Idaho State Local Government Investment Pool	\$ 103,238	0.25
CD's and Federal Government Agency Bonds	1,503,133	2.9
Total Fair Value	\$ 1,606,371	

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

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

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

## CASSIA COUNTY

### Notes to Financial Statements September 30, 2016

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

**F. Inventory**

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

**G. Capital Assets**

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

Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

**H. Long-Term Liabilities**

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

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

**I. Budgets and Budgetary Accounting**

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

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

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

## CASSIA COUNTY

### Notes to Financial Statements September 30, 2016

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

The County reports the following classifications as applicable:

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

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

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

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

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



# CASSIA COUNTY

## Notes to Financial Statements September 30, 2016

### M. Use of Estimates

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

### N. Application of Restricted or Unrestricted Resources

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

### NOTE 2: PROPERTY TAXES

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

### NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/15	Additions	Deletions	Balance 9/30/16
<u>Governmental Activities</u>				
<b>Cost / Historical Value:</b>				
Land (non-depreciable)	\$ 1,667,051	\$ -	\$ -	\$ 1,667,051
Buildings	5,584,977	17,848	-	5,602,825
Improvements other than buildings	123,159	13,789	(2,612)	134,336
Construction in Process	211,556	-	(211,556)	-
Infrastructure assets	9,545,477	-	-	9,545,477
Equipment/Vehicles	4,190,593	367,337	(129,564)	4,428,366
Total	21,322,813	398,974	(343,732)	21,378,055
<b>Accumulated Depreciation:</b>				
Buildings	2,338,881	120,403	-	2,459,284
Improvements other than buildings	73,501	10,612	(2,612)	81,501
Infrastructure assets	9,447,841	28,089	-	9,475,930
Equipment/Vehicles	2,320,911	234,125	(129,564)	2,425,472
Total	14,181,134	393,229	(132,176)	14,442,187
<b>Net Book Value:</b>				
Land (non-depreciable)	1,667,051	-	-	1,667,051
Buildings	3,246,096	(102,555)	-	3,143,541
Improvements other than buildings	49,658	3,177	-	52,835
Construction in Process	211,556	-	(211,556)	-
Infrastructure assets	97,636	(28,089)	-	69,547
Equipment/Vehicles	1,869,682	133,212	-	2,002,894
Total	\$ 7,141,679	\$ 5,745	\$ (211,556)	\$ 6,935,868

## CASSIA COUNTY

### Notes to Financial Statements September 30, 2016

#### Component Unit

##### **Cost / Historical Value:**

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

##### **Accumulated Depreciation:**

Equipment/Vehicles	95,976	7,684	-	103,660
<b>Total</b>	<b>95,976</b>	<b>7,684</b>	<b>-</b>	<b>103,660</b>

##### **Net Book Value:**

Land (non-depreciable)	-	-	-	-
Equipment/Vehicles	29,494	(7,684)	-	21,810
<b>Total</b>	<b>\$ 29,494</b>	<b>\$ (7,684)</b>	<b>\$ -</b>	<b>\$ 21,810</b>

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	\$ 100,533
Highways and Roads	46,028
Public Safety	212,597
Other Public Service	19,740
Culture & Recreation	14,331
<b>Total Governmental Activities Depreciation</b>	<b>\$ 393,229</b>

#### **NOTE 4: LONG-TERM DEBT**

As of September 30, 2016, 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](http://www.persi.idaho.gov).

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

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

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

# CASSIA COUNTY

## Notes to Financial Statements September 30, 2016

**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, 2016 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 \$650,086 for the year ended September 30, 2016.

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

At year end, the County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the County's proportion was .1963557 percent.

For the year ended September 30, 2016, the County recognized pension expense (revenue) of \$21,677. At September 30, 2016, 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	\$ -	\$ 396,621
Changes in assumptions or other inputs	88,482	
Net difference between projected and actual earnings on pension plan investments	1,937,357	905,224
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	137,658
City contributions subsequent to the measurement date	176,264	-
Total	<u>\$ 2,202,103</u>	<u>\$ 1,439,503</u>

The \$176,264 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

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, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 years and 5.5 for the measurement period ended June 30, 2015.

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:

<u>Year end Sept 30</u>	
2017	4,045
2018	4,045
2019	461,797
2020	254,107

## CASSIA COUNTY

### Notes to Financial Statements September 30, 2016

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

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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, 2016.

#### Capital Market Assumptions

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

# CASSIA COUNTY

## Notes to Financial Statements September 30, 2016

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%
Actuarial Assumptions				
Assumed Inflation - Mean				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.42%
Portfolio Long-Term Expected Rate of Return				7.50%
Assumed Investment Expenses				0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses				7.10%

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

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

	1% Decrease (6.1%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 7,808,194	\$ 3,980,432	\$ 797,224

**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](http://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 three cases being litigated in either federal or state court. All three cases are being defended by the County's risk management insurer, ICRMP. Other cases of pending or threatened litigation exist, and will most likely be defended by ICRMP on behalf of the County. At this time it is not possible to determine the likelihood of an unfavorable outcome and any potential loss associated with the cases.

### NOTE 8: FUND DEFICITS

As of September 30, 2016, there were no deficit fund balances.

## CASSIA COUNTY

Notes to Financial Statements  
September 30, 2016

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**NOTE 8: RISK MANAGEMENT/INSURANCE COVERAGE**

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

**NOTE 9: EXPENDITURES IN EXCESS OF BUDGET**

During the year ended September 30, 2016, 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.

**NOTE 12: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 14, 2017, the audit report date. No events occurred subsequent to year end which would require an adjustment to the attached financial statements. Subsequent to year end, the County agreed to loan approximately \$246,000 to the Cassia County Fair and Rodeo for the purchase of new bleachers. Also, some roads maintained by the County suffered significant damage due to severe winter weather. The County has applied for federal assistance but is unsure how much, if any, assistance will be granted to defray the cost of repairing the roads.

**NOTE 13: DUE TO/FROM OTHER FUND**

During the 2011-2012 fiscal year, the County Roads Fund borrowed \$132,869 from the General Fund in order to purchase a motor grader. The amount is to be repaid in six annual installments of \$22,926, which includes interest at 1%. The outstanding balance at year end was \$45,174.

## CASSIA COUNTY

Notes to Financial Statements  
September 30, 2016

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### NOTE 14: PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to reflect a change in County policy regarding payment of unused accrued vacation and sick time upon termination. Beginning net position was restated to reflect the beginning compensated absences payable as follows:

	Government Activities
Net position at 9/30/15 previously reported	<u>\$ 11,095,572</u>
Compensated absences payable at 9/30/15	<u>(271,465)</u>
Net position as restated, October 1, 2015	<u>\$ 10,824,107</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, 2016

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

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

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	2016
Statutorily required contribution	\$ 669,847	679,334
Contributions in relation to the statutorily required contribution	\$ 657,844	650,086
Contribution (deficiency) excess	12,003	29,248
Employer's covered-employee payroll	\$ 5,827,887	5,872,422
Contributions as a percentage of covered-employee payroll	11.49%	11.57%

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, 2016

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
<b>ASSETS</b>										
Cash and investments	\$ 345,800	\$ 305,519	\$ 116,567	\$ 248,854	\$ 77,485	\$ 41,676	\$ 20,681	\$ 353,292	\$ 143,769	\$ 695,014
Receivables:										
Taxes	6,758	4,085	-	3,857	5,596	5,123	871	6,960	8,232	-
Other	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 352,558</b>	<b>\$ 309,604</b>	<b>\$ 116,567</b>	<b>\$ 252,711</b>	<b>\$ 83,081</b>	<b>\$ 46,799</b>	<b>\$ 21,552</b>	<b>\$ 360,252</b>	<b>\$ 152,001</b>	<b>\$ 695,014</b>
<b>LIABILITIES</b>										
Vouchers payable	\$ 10,017	\$ 9,411	\$ 4,059	\$ 32,885	\$ 16,450	\$ 20,300	\$ -	\$ 650	\$ 274	\$ 9,279
Accrued liabilities	3,013	6,573	-	512	26,517	-	-	-	-	-
Due to other funds	-	-	45,174	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>13,030</b>	<b>15,984</b>	<b>49,233</b>	<b>33,397</b>	<b>42,967</b>	<b>20,300</b>	<b>-</b>	<b>650</b>	<b>274</b>	<b>9,279</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Def Inflows-Property Taxes	6,157	3,771	-	3,555	5,138	4,693	802	6,394	7,561	-
<b>Total deferred inflows</b>	<b>6,157</b>	<b>3,771</b>	<b>-</b>	<b>3,555</b>	<b>5,138</b>	<b>4,693</b>	<b>802</b>	<b>6,394</b>	<b>7,561</b>	<b>-</b>
<b>FUND BALANCE</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	333,371	289,849	67,334	215,759	34,976	21,806	20,750	353,208	144,166	685,735
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>333,371</b>	<b>289,849</b>	<b>67,334</b>	<b>215,759</b>	<b>34,976</b>	<b>21,806</b>	<b>20,750</b>	<b>353,208</b>	<b>144,166</b>	<b>685,735</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 352,558</b>	<b>\$ 309,604</b>	<b>\$ 116,567</b>	<b>\$ 252,711</b>	<b>\$ 83,081</b>	<b>\$ 46,799</b>	<b>\$ 21,552</b>	<b>\$ 360,252</b>	<b>\$ 152,001</b>	<b>\$ 695,014</b>

See accompanying notes to the financial statements.

# CASSIA COUNTY

Combining Balance Sheet

Nonmajor Governmental Funds (continued, page 2 of 3)

September 30, 2016

	County Elections	Boat License	Snow Mobile License	Drivers License	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force	DARE Trust	Court Facilities
<b>ASSETS</b>											
Cash and investments	\$ 117,021	\$ 33,157	\$ 118,787	\$ 15,529	\$ 12,315	\$ 36,585	\$ 65,837	\$ -	\$ 3,222	\$ 4,262	\$ 36,649
Receivables:											
Taxes	-	-	-	-	-	-	-	12	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 117,021</b>	<b>\$ 33,157</b>	<b>\$ 118,787</b>	<b>\$ 15,529</b>	<b>\$ 12,315</b>	<b>\$ 36,585</b>	<b>\$ 65,837</b>	<b>\$ 12</b>	<b>\$ 3,222</b>	<b>\$ 4,262</b>	<b>\$ 36,649</b>
<b>LIABILITIES</b>											
Vouchers payable	\$ 4,518	\$ 1,500	\$ 5,029	\$ 15,529	\$ -	\$ -	\$ 302	\$ -	\$ 68	\$ 615	\$ -
Accrued liabilities	170	35	97	-	-	-	-	-	45	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,688</b>	<b>1,535</b>	<b>5,126</b>	<b>15,529</b>	<b>-</b>	<b>-</b>	<b>302</b>	<b>-</b>	<b>113</b>	<b>615</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	7	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>											
Restricted	-	-	-	-	-	-	-	5	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	112,333	31,622	113,661	-	12,315	36,585	65,535	-	3,109	3,647	36,649
Unassigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>112,333</b>	<b>31,622</b>	<b>113,661</b>	<b>-</b>	<b>12,315</b>	<b>36,585</b>	<b>65,535</b>	<b>5</b>	<b>3,109</b>	<b>3,647</b>	<b>36,649</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 117,021</b>	<b>\$ 33,157</b>	<b>\$ 118,787</b>	<b>\$ 15,529</b>	<b>\$ 12,315</b>	<b>\$ 36,585</b>	<b>\$ 65,837</b>	<b>\$ 12</b>	<b>\$ 3,222</b>	<b>\$ 4,262</b>	<b>\$ 36,649</b>

See accompanying notes to the financial statements.

# CASSIA COUNTY

Combining Balance Sheet

Nonmajor Governmental Funds (continued, page 3 of 3)

September 30, 2016

	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Public Defender Trust	Federal Narc Seized Assets	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
<b>ASSETS</b>											
Cash and investments	\$ 6,959	\$ -	\$ 314,782	\$ (7,434)	\$ 152,349	\$ 112,765	\$ 17,684	\$ 21,727	\$ 17,675	\$ 2,737	\$ 3,431,265
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	-	41,494
Other	-	-	-	9,685	-	-	-	-	-	-	9,685
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,959</b>	<b>\$ -</b>	<b>\$ 314,782</b>	<b>\$ 2,251</b>	<b>\$ 152,349</b>	<b>\$ 112,765</b>	<b>\$ 17,684</b>	<b>\$ 21,727</b>	<b>\$ 17,675</b>	<b>\$ 2,737</b>	<b>\$ 3,482,444</b>
<b>LIABILITIES</b>											
Vouchers payable	\$ -	\$ -	\$ 13,982	\$ -	\$ -	\$ 8,840	\$ -	\$ -	\$ -	\$ -	\$ 153,708
Accrued liabilities	-	-	-	-	-	836	-	-	-	-	37,798
Due to other funds	-	-	-	-	-	-	-	-	-	-	45,174
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>13,982</b>	<b>-</b>	<b>-</b>	<b>9,676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,680</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Def Inflows-Property Taxes	-	-	-	-	-	-	-	-	-	-	38,078
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,078</b>
<b>FUND BALANCE</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	5
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	6,959	-	300,800	2,251	152,349	103,089	17,684	21,727	17,675	2,737	3,207,681
Unassigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>6,959</b>	<b>-</b>	<b>300,800</b>	<b>2,251</b>	<b>152,349</b>	<b>103,089</b>	<b>17,684</b>	<b>21,727</b>	<b>17,675</b>	<b>2,737</b>	<b>3,207,686</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,959</b>	<b>\$ -</b>	<b>\$ 314,782</b>	<b>\$ 2,251</b>	<b>\$ 152,349</b>	<b>\$ 112,765</b>	<b>\$ 17,684</b>	<b>\$ 21,727</b>	<b>\$ 17,675</b>	<b>\$ 2,737</b>	<b>\$ 3,482,444</b>

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, 2016

	Social Services	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 113,122	\$ 13,960	\$ 18,679	\$ 17,941	\$ 203,134	\$ 126,839	\$ 12,290	\$ 170,765	\$ 230,695	\$ -
Taxes - sales and other	17,606	1,816	8,553	2,373	32,510	20,025	1,898	26,963	36,618	-
Fees and fines	1,029	185,241	2,791	9,094	537	761	113	1,000	1,041	263,071
Intergovernmental	-	-	209,912	-	-	-	-	130,614	-	-
Interest	-	-	-	-	-	-	-	-	-	1,714
Grants and miscellaneous	149,480	167	4,317	100,669	-	-	-	-	-	45
Total revenues	281,237	201,184	244,252	130,077	236,181	147,625	14,301	329,342	268,354	264,830
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	374,099	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	301,007	-	-	-	-	-	-	-
Public safety	-	-	-	-	198,031	-	-	-	-	242,940
Other public service	-	311,105	-	262,127	-	-	-	237,100	205,929	-
Culture and recreation	-	-	-	-	-	17,808	26,498	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	374,099	311,105	301,007	262,127	198,031	17,808	26,498	237,100	205,929	242,940
Excess of revenues over (under) expenditures	(92,862)	(109,921)	(56,755)	(132,050)	38,150	129,817	(12,197)	92,242	62,425	21,890
Other financing sources (uses)										
Transfers in	-	-	98,000	-	-	-	10,000	10,000	10,000	-
Transfers out	-	-	-	-	-	(115,800)	-	-	-	(75,903)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	98,000	-	-	(115,800)	10,000	10,000	10,000	(75,903)
Net change in fund balances	(92,862)	(109,921)	41,245	(132,050)	38,150	14,017	(2,197)	102,242	72,425	(54,013)
Fund balance - beginning	426,233	399,770	26,089	347,809	(3,174)	7,789	22,947	250,966	71,741	739,748
Fund balance - ending	\$ 333,371	\$ 289,849	\$ 67,334	\$ 215,759	\$ 34,976	\$ 21,806	\$ 20,750	\$ 353,208	\$ 144,166	\$ 685,735

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, 2016

	County Elections	Boat License	Snow Mobile License	Drivers License	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force	DARE Trust	Court Facilities
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	-
Fees and fines	-	34,754	22,121	225,358	2,890	7,857	959	-	8,659	-	9,420
Intergovernmental	82,728	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	602	10,407	3,006	-	-	-	-	-	-	6,559	-
Total revenues	83,330	45,161	25,127	225,358	2,890	7,857	959	-	8,659	6,559	9,420
Expenditures:											
General government	90,948	-	-	242,735	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	13,735	-	8,568	3,233	-
Other public service	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	7,509	22,730	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	90,948	7,509	22,730	242,735	-	-	13,735	-	8,568	3,233	-
Excess of revenues over (under) expenditures	(7,618)	37,652	2,397	(17,377)	2,890	7,857	(12,776)	-	91	3,326	9,420
Other financing sources (uses)											
Transfers in	27,500	-	-	-	-	-	5,217	-	-	-	-
Transfers out	-	(15,611)	-	-	-	-	-	-	(5,217)	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	27,500	(15,611)	-	-	-	-	5,217	-	(5,217)	-	-
Net change in fund balances	19,882	22,041	2,397	(17,377)	2,890	7,857	(7,559)	-	(5,126)	3,326	9,420
Fund balance - beginning	92,451	9,581	111,264	17,377	9,425	28,728	73,094	5	8,235	321	27,229
Fund balance - ending	\$ 112,333	\$ 31,622	\$ 113,661	\$ -	\$ 12,315	\$ 36,585	\$ 65,535	\$ 5	\$ 3,109	\$ 3,647	\$ 36,649

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, 2016

	Invasive Species	Auction Excess	Physical Facilities	Jail Commissary	Cassia County Benefits	Adult Misdemeanor Probation	Public Defender Trust	Federal Narc Seized Assets	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907,425
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	148,362
Fees and fines	-	-	21,425	-	-	526,737	-	21,727	-	-	1,346,585
Intergovernmental	-	-	-	-	2,471,032	54,005	253,523	-	-	-	3,201,814
Interest	-	-	-	-	-	-	-	-	-	-	1,714
Grants and miscellaneous	-	-	9,849	54,461	-	-	-	-	5	-	339,567
Total revenues	-	-	31,274	54,461	2,471,032	580,742	253,523	21,727	5	-	5,945,467
Expenditures:											
General government	-	-	51,115	-	2,634,387	-	-	-	-	-	3,019,185
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	374,099
Highways and roads	-	-	-	-	-	-	-	-	-	-	301,007
Public safety	-	-	-	-	-	589,885	-	-	-	-	1,056,392
Other public service	-	-	-	-	-	-	-	-	-	-	1,016,261
Culture and recreation	-	-	-	-	-	-	-	-	-	-	74,545
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	51,115	-	2,634,387	589,885	-	-	-	-	5,841,489
Excess of revenues over (under) expenditures	-	-	(19,841)	54,461	(163,355)	(9,143)	253,523	21,727	5	-	103,978
Other financing sources (uses)											
Transfers in	-	-	30,000	-	-	54,006	296,366	-	-	-	541,089
Transfers out	-	-	-	(52,210)	-	-	(532,205)	-	-	-	(796,946)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	30,000	(52,210)	-	54,006	(235,839)	-	-	-	(255,857)
Net change in fund balances	-	-	10,159	2,251	(163,355)	44,863	17,684	21,727	5	-	(151,879)
Fund balance - beginning	6,959	-	290,641	-	315,704	58,226	-	-	17,670	2,737	3,359,565
Fund balance - ending	\$ 6,959	\$ -	\$ 300,800	\$ 2,251	\$ 152,349	\$ 103,089	\$ 17,684	\$ 21,727	\$ 17,675	\$ 2,737	\$ 3,207,686

See accompanying notes to the financial statements.

# **CASSIA COUNTY**

Combining Statement of Fiduciary Net Position  
Agency Funds  
September 30, 2016

	Assessor Trust Fund	State Fund	Water Districts Fund	Court Trust	Taxing Districts Fund	Court Bonds	Court Restitution
<b>ASSETS</b>							
Cash and Investments	\$ 246,859	\$ 5,030	\$ -	\$ 61,621	\$ 25,727	\$ 53,876	\$ 2,654
Other Assets	-	-	-	-	-	-	-
Total assets	246,859	5,030	-	61,621	25,727	53,876	2,654
<b>LIABILITIES</b>							
Vouchers Payable	246,859	5,045	-	61,607	25,727	-	-
Accrued liabilities	-	-	9	2,335	-	2,009	4,311
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	246,859	5,045	9	63,942	25,727	2,009	4,311
<b>NET POSITION</b>							
Held in Trust	-	(15)	(9)	(2,321)	-	51,867	(1,657)
Total Net Position	\$ -	\$ (15)	\$ (9)	\$ (2,321)	\$ -	\$ 51,867	\$ (1,657)

See accompanying notes to the financial statements.

**CASSIA COUNTY**

Combining Statement of Fiduciary Net Position  
Agency Funds (continued, page 2 of 2)  
September 30, 2016

	<b>Auditor's Trust Fund</b>	<b>Law Enforment Trust</b>	<b>Box Elder Bookmobile</b>	<b>Sheriffs Account</b>	<b>Tax Collector Account</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>						
Cash and Investments	\$ -	\$ 10,394	\$ 8,913	\$ 4,363	\$ 90,976	\$ 510,413
Other Assets	-	-	-	-	-	-
Total assets	-	10,394	8,913	4,363	90,976	510,413
<b>LIABILITIES</b>						
Vouchers Payable	-	-	-	4,363	90,976	434,577
Accrued liabilities	-	-	-	-	-	8,664
Deferred Revenue	-	-	-	-	-	-
Total liabilities	-	-	-	4,363	90,976	443,241
<b>NET POSITION</b>						
Held in Trust	-	10,394	8,913	-	-	67,172
Total Net Position	\$ -	\$ 10,394	\$ 8,913	\$ -	\$ -	\$ 67,172

See accompanying notes to the financial statements.

# ***Evans Poulsen & Catmull PA***

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## **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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2017.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Evans, Poulsen, & Catmull*

June 14, 2017

**SINGLE AUDIT**

# ***Evans Poulsen & Catmull PA***

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

To the Board of Commissioners  
Cassia County, Idaho

### **Report on Compliance for Each Major Federal Program**

We have audited Cassia County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cassia County's major federal programs for the year ended September 30, 2016. Cassia County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Cassia County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

### **Report on Internal Control over Compliance**

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

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

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

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

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

*Evans, Poulsen, & Catmull*

June 14, 2017



# CASSIA COUNTY

## Schedule of Expenditures of Federal Awards For Year Ended September 30, 2016

<u>Federal Grantor</u>	<u>Pass Through Grantor's ID #</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
Program Title			
<b>Department of Agriculture</b>			
Schools and roads - Grants to Counties	N/A	10.666	\$ 11,941
Total Department of Agriculture			\$ 11,941
<b>Department of Transportation</b>			
Highway Planning and Construction	0348-1170	20.205	\$ 2,254
State and Community Highway Safety	0348-1170	20.600	6,747
Department of Transportation	0348-1170	20.616	1,973
Total Department of Transportation			\$ 10,974
<b>Department of Parks and Recreation</b>			
Boating Safety Financial Assistance	0348-1170	97.012	\$ 10,407
Total Department of Parks and Recreation			\$ 10,407
<b>Military Division</b>			
Emergency Management Performance Grants	0348-1170	97.042	\$ 19,041
Homeland Security Grant Program	0348-1170	97.067	1,728
Total Military Division			\$ 20,769
<b>Department of the Interior</b>			
Payments in Lieu of Taxes	N/A	15.226	\$ 2,361,822
Bureau of Land Management - Noxious Weed Control	N/A	15.230	100,000
Total Department of the Interior			\$ 2,461,822
Total Expenditures of Federal Awards			\$ 2,503,972

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, 2016

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#### I. SUMMARY OF AUDIT RESULTS:

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

Title	CFDA #
Payments in Lieu of Taxes	15.226

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

#### II. FINANCIAL STATEMENT FINDINGS:

There were no findings or questioned costs in the financial statements

#### III. FEDERAL AWARD FINDINGS

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

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**Jacob H. Catmull, CPA**

June 14, 2017

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, 2016 and have issued our report thereon dated June 14, 2017. In planning and performing our audit we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control of the County. However, in performing our audit we developed recommendations to improve internal control, as listed below. These recommendations are separate from our audit report and do not affect our conclusions and opinions reached during the performance of the audit.

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

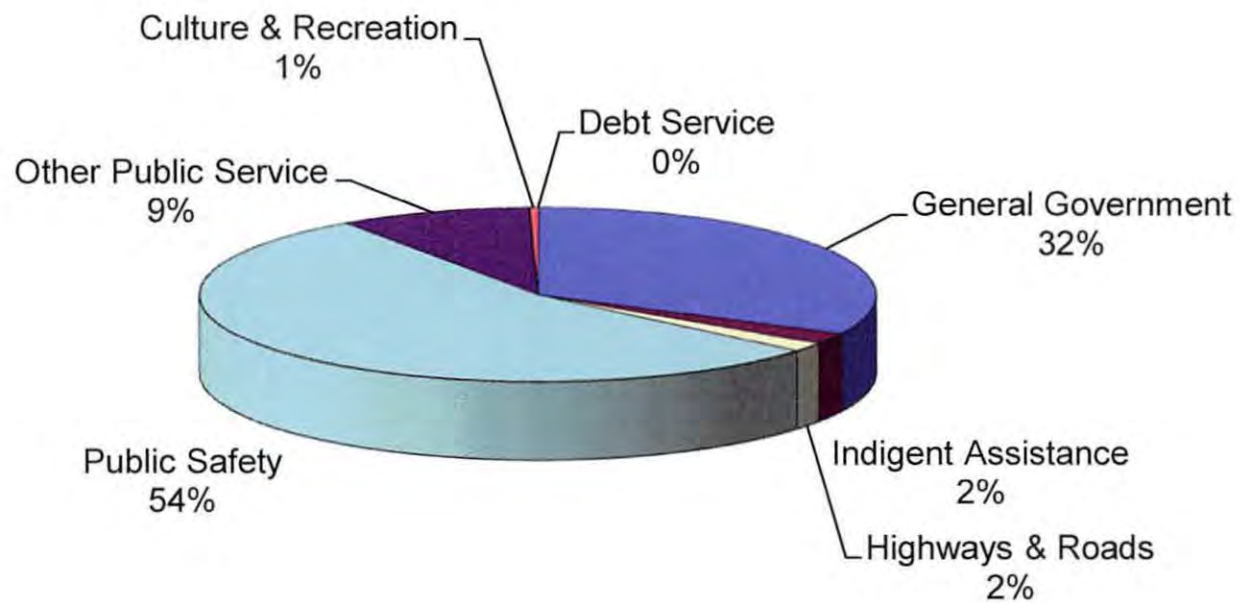
**Recommendation** – The County should determine what measures can be taken in order to avoid a severe cash shortfall to the Justice Fund in the event that PILT funding is either reduced or eliminated in the future. This is a repeat finding.

**Finding** – Upon review of the financial records of the 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.

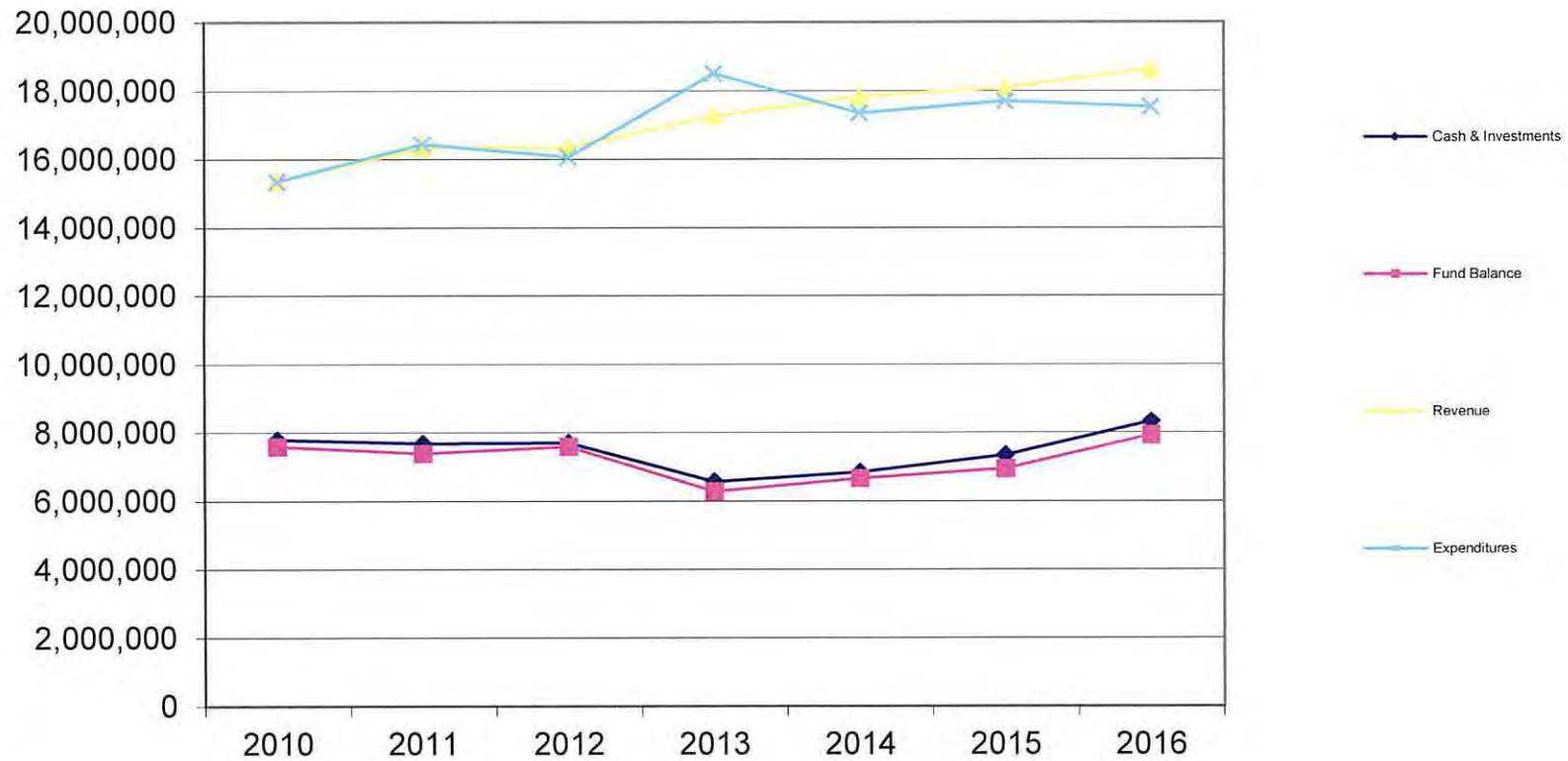
**Recommendation** – We recommend that the system be modified to restrict the ability to reprint a check with a check number that has already been used, requiring that an uncashed check be voided and reissued with a new check number.

*Evans, Poulsen & Catmull*

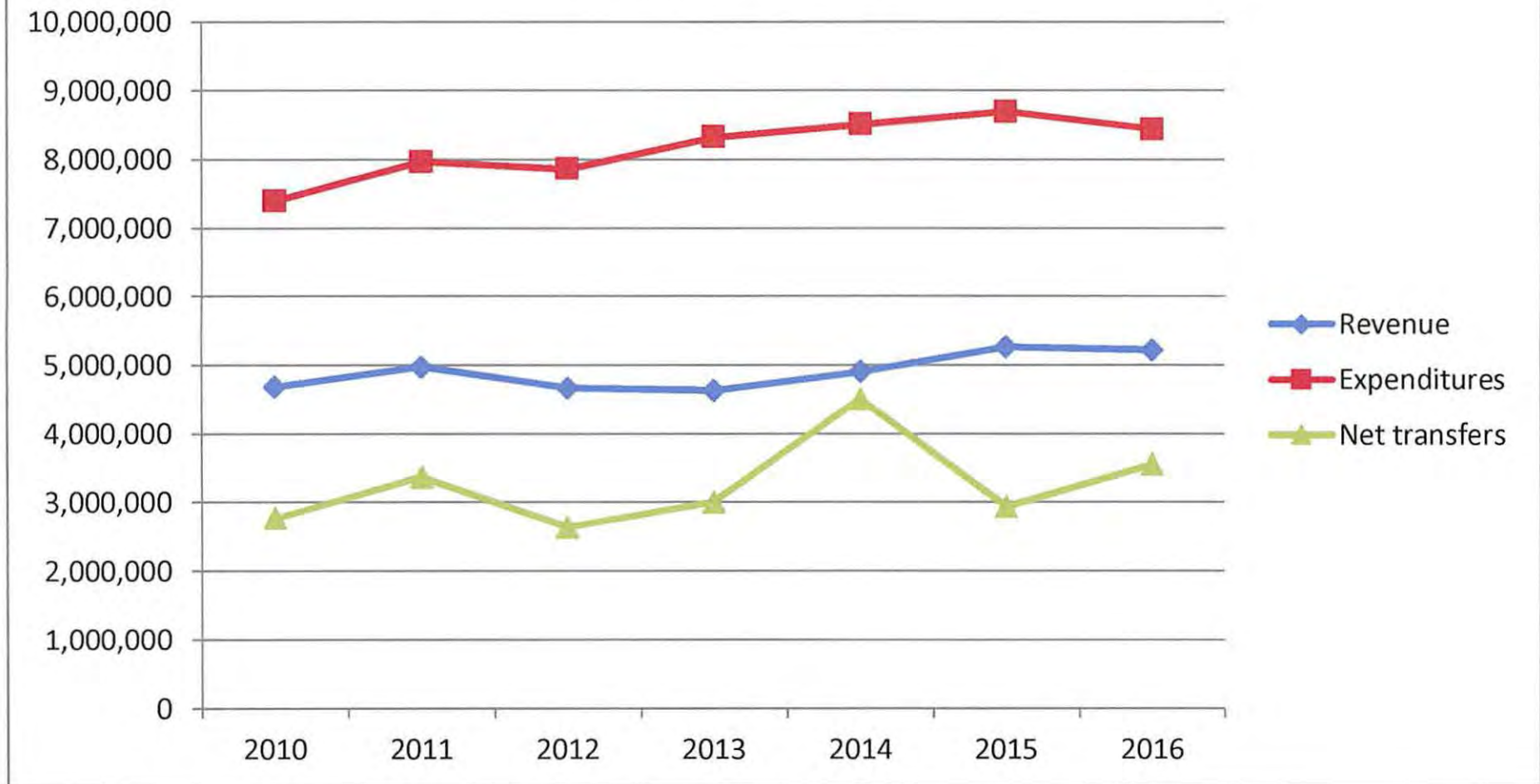
**CASSIA COUNTY EXPENDITURES FOR THE FISCAL YEAR ENDING  
SEPTEMBER 30, 2016**



## CASSIA COUNTY GOVERNMENTAL FUNDS



## JUSTICE FUND



**CASSIA COUNTY REVENUES FOR THE FISCAL YEAR ENDING  
SEPTEMBER 30, 2016**

