

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2016

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	10
Statement of Fiduciary Net Position – Fiduciary Funds	11
Balance Sheet – Component Unit	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	34
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	35

Road and Bridge	36
Indigent and Charity	37
Notes to Required Supplementary Information	38
Schedule of the County's Proportionate Share of Net Pension Liability	39
Schedule of County Contributions	40

SUPPLEMENTAL INFORMATION

Supplemental Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	41
Supplemental Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	42
Combining Balance Sheet – Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	50
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	55
Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	58

FEDERAL REPORTS

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 <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	61
Schedule of Findings and Questioned Costs	63



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Owyhee County, Idaho
Murphy, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Owyhee 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.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Owyhee County, Idaho, as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of funding progress, budgetary comparison information, schedule of the County's proportionate share of the net pension liability, and schedule of County contributions on pages 34 through 40 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.

Owyhee County, Idaho has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Owyhee County, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) 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 supplemental information 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 supplemental information and 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 February 10, 2017 on our consideration of Owyhee County, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Owyhee County, Idaho's internal control over financial reporting and compliance.

Millington Zwyzart CPAs, PLLC

Caldwell, Idaho
February 10, 2017

Owyhee County, Idaho
Statement of Net Position
September 30, 2016

	Primary Governmental Activities	Component Unit
Assets		
Cash and Cash Equivalents	\$ 2,295,457	\$ 38,089
Receivables, Net:		
Property Taxes	192,529	-
Due From Other Governments	33,576	-
Prepaid Items	61,476	-
Noncurrent Cash and Cash Equivalents	4,200,780	-
Capital Assets:		
Land	726,628	-
Buildings and Improvements, Net	3,291,230	-
Equipment, Net	595,705	-
Total Capital Assets	4,613,563	-
Total Assets	11,397,381	38,089
Deferred Outflows		
Pension Related Items	1,025,114	-
Total Deferred Outflows	1,025,114	-
Liabilities		
Salaries and Benefits Payable	75,549	-
Warrants and Accounts Payable	506,445	-
Long-Term Liabilities:		
Due Within One Year:		
Compensated Absences	52,138	-
Municipal Lease	72,295	-
Due in More Than One Year:		
Other Post-Employment Benefits	24,511	-
Compensated Absences	52,135	-
Municipal Lease	1	-
Net Pension Liability	1,851,977	-
Total Liabilities	2,635,051	-
Deferred Inflows		
Pension Related Items	605,710	-
Total Deferred Inflows	605,710	-
Net Position		
Invested in Capital Assets, Net of Related Debt	4,613,563	-
Restricted	3,018,819	-
Unrestricted	1,457,440	38,089
Total Net Position	\$ 9,089,822	\$ 38,089

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

Owyhee County, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2016

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 3,177,472	\$ 1,427,554	\$ 525,517	\$ 1,365,694	\$ 6,496,237
Property Taxes Receivable, Net	95,592	19,432	12,609	64,896	192,529
Due From Other Governments	31,559	2,017	-	-	33,576
Prepaid Items	52,061	3,767	627	5,021	61,476
Total Assets	\$ 3,356,684	\$ 1,452,770	\$ 538,753	\$ 1,435,611	\$ 6,783,818
Liabilities:					
Salaries and Benefits Payable	\$ 53,087	\$ 9,189	\$ 1,099	\$ 12,174	\$ 75,549
Warrants and Accounts Payable	130,007	263,311	34,026	79,101	506,445
Total Liabilities	183,094	272,500	35,125	91,275	581,994
Deferred Inflows:					
Unavailable Revenue - Property Tax	80,610	14,615	10,427	56,620	162,272
Total Deferred Inflows	80,610	14,615	10,427	56,620	162,272
Fund Balances:					
Nonspendable - Prepaid Items	52,061	3,767	627	5,021	61,476
Restricted	-	1,161,888	492,574	1,282,695	2,937,157
Unassigned	3,041,212	-	-	-	3,041,212
Total Fund Balance	3,093,273	1,165,655	493,201	1,287,716	6,039,845
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,356,977	\$ 1,452,770	\$ 538,753	\$ 1,435,611	\$ 6,784,111

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

Owyhee County, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2016

Total Fund Balances - Governmental Funds \$ 6,039,845

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$	726,628	
Buildings and Improvements, Net of \$5,333,754 Accum. Depreciation		3,291,230	
Equipment, Net of \$3,461,279 Accumulated Depreciation		<u>595,705</u>	
			4,613,563

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.			162,272
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Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Other Post-Employment Benefits	\$	(24,511)	
Compensated Absences		(104,273)	
Municipal Leases		<u>(72,296)</u>	
			(201,080)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$	(1,851,977)	
Pension Related Deferred Inflows		(605,710)	
Pension Related Deferred Outflows		<u>1,025,114</u>	
			<u>(1,432,573)</u>

Net Position of Governmental Activities			<u><u>\$ 9,182,027</u></u>
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The accompanying notes are an integral
 part of the financial statements.

Owyhee County, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2016

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 1,539,748	\$ 378,604	\$ 117,545	\$ 818,773	\$ 2,854,670
Intergovernmental	1,917,786	1,385,671	34,192	285,491	3,623,140
Grants and Contributions	26,669	-	1,375	161,374	189,418
Charges for Services	693,161	34,650	-	59,948	787,759
Other Revenues	295,823	3,412	54,116	260,542	613,893
Interest Earned	100,267	-	-	-	100,267
Total Revenues	4,573,454	1,802,337	207,228	1,586,128	8,169,147
Expenditures					
Current:					
General Government	1,936,983	-	-	571,699	2,508,682
Public Safety	2,394,284	-	-	316,004	2,710,288
Highways and Streets	-	1,252,758	-	-	1,252,758
Sanitation	-	-	-	289,386	289,386
Health	-	-	-	52,359	52,359
Welfare	-	-	303,132	-	303,132
Education	-	-	-	53,000	53,000
Culture and Recreation	-	-	-	118,080	118,080
Capital Outlay	188,272	329,130	-	93,044	610,446
Total Expenditures	4,519,539	1,581,888	303,132	1,493,572	7,898,131
Excess (Deficiency) of Revenues Over Expenditures					
	53,915	220,449	(95,904)	92,556	271,016
Other Financing Sources (Uses)					
Sale of Assets	12,495	11,485	-	-	23,980
Proceeds from Municipal Lease	-	146,903	-	-	146,903
Change in Fair Market Value of Investments	12,425	-	-	-	12,425
Transfers In	38,488	-	-	-	38,488
Transfers Out	-	-	-	(38,488)	(38,488)
Total Other Financing Sources (Uses)	63,408	158,388	-	(38,488)	183,308
Net Change in Fund Balances	117,323	378,837	(95,904)	54,068	454,324
Fund Balances - Beginning	2,975,950	786,818	589,105	1,233,648	5,585,521
Fund Balances - Ending	<u>\$ 3,093,273</u>	<u>\$ 1,165,655</u>	<u>\$ 493,201</u>	<u>\$ 1,287,716</u>	<u>\$ 6,039,845</u>

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

Owyhee County, Idaho
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2016

Total Net Change in Fund Balance - Governmental Funds \$ 454,324

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. Conversely, disposals of capital assets do not report a gain or loss in the governmental funds but in the Statement of Activities the remaining cost of the asset(s) is written off. In the current period these amounts are:

Capital Outlay	\$ 319,548	
Depreciation Expense	(371,133)	
Disposed Assets	-	
Net		(51,585)

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (1,711)

Compensated absences and other post-employment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences and other post-employment benefits. (21,749)

Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the statement of Net Position, the municipal lease obligation is reported as a liability. (146,903)

The repayment of the principal of a municipal lease consumes the current financial resources of governmental funds. The repayment of the principal, however, has no effect on Net Assets 74,607

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. (26,119)

Change in Net Position of Governmental Activities \$ 280,864

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

Owyhee County, Idaho
Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ 3,311,614
Property Taxes Receivable	282,683
Other Receivables	<u>13,425</u>
Total Assets	<u><u>\$ 3,607,722</u></u>
Liabilities	
Warrants and Accounts Payable	\$ 449,853
Due to Other Funds or Taxing Units	<u>3,157,869</u>
Total Liabilities	<u><u>\$ 3,607,722</u></u>

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

Owyhee County, Idaho
 Balance Sheet -
 Component Unit
 September 30, 2016

	Fair Board
Assets	
Cash and Cash Equivalents	\$ 38,089
Total Assets	38,089
 Liabilities	
Accounts Payable and Other Current Liabilities	\$ -
Total Liabilities	-
 Fund Balance	
Unassigned	38,089
Total Liabilities and Fund Balance	\$ 38,089

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

Owyhee County, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Component Unit
For the Year Ended September 30, 2016

	Fair Board
Revenues	
Charges for Services	\$ 44,115
Total Revenues	44,115
 Expenditures	
Current:	
Operating Expenditures	44,571
Total Expenses	44,571
 Net Change in Fund Balances	 (456)
 Fund Balances - Beginning	 38,545
Fund Balances - Ending	\$ 38,089

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Owyhee County, Idaho (the County) operates under the direction of a Board of Commissioners, who are responsible for the various operations of the County. The accompanying basic financial statements present the County (the primary government) and its component units. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

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

Discretely Presented Component Units

Component units are legally separate organizations for which the County is financially accountable. Financial accountability exists if the County appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the County. Based on the foregoing criteria, the following entities are considered component units of the County:

- Owyhee County Fair Board was created for the purpose of conducting fair activities within the County. The Fair Board is governed by a board appointed by the county commissioners and the County is able to impose its will on the organization. The Fair Board was audited along with the County and its financial statements are presented as a discretely presented component unit.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall County, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the County related to the administration and support of the County's programs, such as personnel and accounting, are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

The County reports the following major governmental funds:

- *General fund.* This is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.
- *Road and Bridge fund.* This fund accounts for repairs and maintenance of roads and bridges and construction of new roads and bridges.
- *Indigent and Charity fund.* This fund accounts for all medical payments on behalf of county citizens who are not able to pay for themselves.

The County reports the following fiduciary fund types:

Agency funds. These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Property Taxes

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

Date property is valued	Second Monday of July
Date tax is levied	Second Monday of September
Date taxes are billed	November 20
Date taxes are collected	One half on December 20 and one half on the following June 20
Date taxes become a lien	First day of January of the succeeding year

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Balances, for example, in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the County's highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the County's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The purpose of the special revenue funds that are restricted are as follows:

Fund	Purpose
Road and Bridge	Revenues in this fund come from levied property taxes, federal forest funds, other intergovernmental revenue and grants that are to be used for maintaining and improving roads and bridges within the County.
Indigent and Charity	Revenues in this fund come from levied property taxes, intergovernmental revenues, and other revenues that are to be used to provide assistance for qualified individuals for health care services.
Nonmajor Special Revenue Funds	Revenues in these funds come from levied property taxes, intergovernmental revenue, grants, charges for services, and other revenues that are to be used for items ranging from public assistance and safety, health and sanitation, maintenance and improvement of public ways and facilities, culture and recreation, and other governmental type activities.

C. Assets and Liabilities

Cash Equivalents

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

Capital Assets

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

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<u>Capitalization</u> <u>Policy</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 52 Years
Equipment	\$5,000	Straight-Line	3 – 15 Years

The County (a phase three government) has elected not to report major general infrastructure assets retroactively. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. Since October 1, 2003, the County has acquired no new infrastructure assets.

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

Accounts Receivable

Accounts receivable of the governmental activities consists of property taxes, sales taxes, use taxes, state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the governmental activities is zero as of September 30, 2016.

Warrants and Accounts Payable

Warrants and accounts payable represent debt obligations that will be paid within the next billing cycle. Amounts shown are not over 60 days past due.

Compensated Absences

The total portion of unpaid personal leave is budgeted in the next year's budget. Personal leave compensation is calculated on an individual basis according to an employee's total years worked and total hours worked per week.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2016, the carrying amount of the County's deposits was \$3,763,950 and the respective bank balances totaled \$2,771,728. All of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the County.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2016, all of the County's deposits were covered by the federal depository insurance or by collateral held by the County's agent or pledging financial institution's trust department or agent in the name of the County, and thus were not exposed to custodial credit risk. The County does not have a formal policy limiting its exposure to custodial credit risk. The County also had \$139 of cash on hand at the end of the year.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The U.S. government bonds, the asset back securities, and all of the certificates of deposit are held by Multi-Bank Securities, Inc. totaling \$4,200,780. The certificates of deposits are issued through FDIC insured banks and, therefore, are insured. The County does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

2. CASH AND INVESTMENTS (continued)

Investments

The County voluntarily participates in the State of Idaho Investment Pool, which was not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the County's investment in the pool is the same as the value of the pool shares.

The County also holds other investments. The County follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the County to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The County's investments at September 30, 2016, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1	1 - 5	>5
External Investment Pool	None	\$ 1,548,037	\$ 1,548,037	\$ -	\$ -
Certificates of Deposit	N/A	486,223	85,414	330,722	70,087
U.S. Government Bonds	AAA	3,291,004	-	299,838	2,991,166
Asset Backed Securities	N/A	423,553	-	-	423,553
Money Market	N/A	250,000	250,000	-	-
		<u>\$ 5,998,817</u>	<u>\$ 1,883,451</u>	<u>\$ 630,560</u>	<u>\$ 3,484,806</u>

At year-end, the cash and cash equivalents reported in the basic financial statements are made up of the following categories:

	Governmental Activities	Component Unit	Total	Fiduciary Funds
Cash and cash equivalents	\$ 497,420	\$ 38,089	\$ 535,509	\$ 3,311,614
Investments categorized as deposits	5,998,817	-	5,998,817	-
	<u>\$ 6,496,237</u>	<u>\$ 38,089</u>	<u>\$ 6,534,326</u>	<u>\$ 3,311,614</u>

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

	Book Balance	Bank Balance
Tax Collector	\$ 16,070	\$ 26,304
Tax Collector Trust	28,923	28,200
Inmate Trust	24,504	24,504
	<u>\$ 69,497</u>	<u>\$ 79,008</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consists of ag replacement tax revenue of \$31,559 and highway user funds of \$2,017 both due from the State of Idaho.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016, was as follows:

	Balance	Adjustmen			Balance
	10/1/2015	t	Additions	Disposals	9/30/2016
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 726,628	\$ -	\$ -	\$ -	\$ 726,628
Capital Assets Being Depreciated:					
Buildings and Improvements	8,624,984	-	-	-	8,624,984
Equipment	3,854,928	-	319,548	117,492	4,056,984
Total Historical Cost	<u>12,479,912</u>	<u>-</u>	<u>319,548</u>	<u>117,492</u>	<u>12,681,968</u>
Less: Accumulated Depreciation					
Buildings and Improvements	5,140,027	-	193,727	-	5,333,754
Equipment	3,421,365	(20,000)	177,406	117,492	3,461,279
Total Acc. Depr.	<u>8,561,392</u>	<u>(20,000)</u>	<u>371,133</u>	<u>117,492</u>	<u>8,795,033</u>
Net Depreciable Assets	<u>3,918,520</u>	<u>20,000</u>	<u>(51,585)</u>	<u>-</u>	<u>3,886,935</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 4,645,148</u>	<u>\$ 20,000</u>	<u>\$ (51,585)</u>	<u>\$ -</u>	<u>\$ 4,613,563</u>

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

Governmental Activities:	
General Government	\$ 119,093
Public Safety	153,648
Sanitation	4,666
Highways and Streets	84,497
Culture and Recreation	9,229
	<u>\$ 371,133</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN (continued)

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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. Owyhee County's contributions were \$307,145 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 September 30, 2016, Owyhee 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. Owyhee County's proportion of the net pension liability was based on Owyhee 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, Owyhee County's proportion was .0913585 percent.

For the year ended September 30, 2016, Owyhee County recognized pension expense (revenue) of \$333,263. At September 30, 2016, Owyhee County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 184,536
Changes in assumptions or other inputs	41,168	-
Net difference between projected and actual earnings on pension plan investments	901,395	421,174
Owyhee County, Idaho's contributions subsequent to the measurement date	82,551	-
Total	\$ 1,025,114	\$ 605,710

\$82,551 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 and 5.5 for the measurement period 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:

For the Year Ended September 30:	PERSI
2017	\$ 84,433
2018	1,882
2019	214,861
2020	118,229

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN (continued)

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	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living	1%

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

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. 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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN (continued)

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.

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
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%	90.00%	0%	0% - 5%
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%

* Expected arithmetic return net of fess and expenses

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

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

5. PENSION PLAN (continued)

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	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability (asset)	\$ 3,632,922	\$ 1,851,977	\$ 370,925

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.

6. COMPENSATED ABSENCES

The County presently accumulates unused vacation days and compensatory time calculated on an individual basis according to an employee's total years worked and total hours per week worked. All accumulated vacation time and compensatory time represents a potential liability to the County.

	<u>10/1/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2016</u>	<u>Current</u>
Governmental Activities	<u>\$ 83,947</u>	<u>\$ 119,759</u>	<u>\$ (99,431)</u>	<u>\$ 104,275</u>	<u>\$ 52,138</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

7. LEASE COMMITMENTS

The County entered into a lease for 40 acres of land in April 2005. The lease is for 120 months ending May 2014.

The County also entered into a lease for a copier in September 2011. The lease is for 60 months ending August 2015. They entered an additional copier lease in October 2015. The lease is for 60 months ending in September 2019

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2017	\$ 32,020
2018	3,592
2019	3,592
2020	2,716
	<u>\$ 41,920</u>

Rent expenditures for the year ended September 30, 2016, were \$47,749.

8. DEFERRED COMPENSATION PLAN

Permanent employees of the County may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until withdrawal at a later date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The County has no liability for losses under the plan but it does have the obligation of due care in selecting the third party administrator. For the year ended September 30, 2016, the County made no employer contributions to the plan.

9. OTHER POST-EMPLOYMENT BENEFITS

The County's Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by GemPlan. GemPlan contracts with Blue Cross of Idaho to provide medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. A retiree who retires while participating in the Public

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Employee Retirement System of Idaho (PERSI) is eligible to keep the County's health insurance until age 65 or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum age of 55 with at least five years of service with an employer that participates in PERSI. Retirees are on the same medical plan as the County's active employees. No financial reports, other than the information provided herein, have been issued.

Other post-employment benefits (OPEB) have historically been funded on a pay-as-you-go basis. Under government accounting standards, plan sponsors may set up a trust and pre-fund benefits. There is no requirement to pre-fund benefits. However, if benefits are not pre-funded, a net OPEB obligation is created and will grow over time. The County has not pre-funded these benefits. The contribution requirement of plan members is established by the Board of Commissioners in conjunction with the insurance provider. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2016 were \$498 for a single person or \$980 with a spouse.

Post-employment benefits are determined on an actuarial basis. Actuarial valuations of these benefits were done as of October 1, 2012, and are determined on a prospective basis. The County's plan is considered unfunded, since there are no plan assets. Therefore, the actuarial accrued liability and the unfunded actuarially accrued liability are equal. The unfunded actuarially accrued liability is \$93,694 or 5.1% of covered payroll. The annual required contribution (ARC) for fiscal year 2016 is \$10,903. The ARC is made up of benefits earned in the current period and an amortized portion of the unfunded actuarially accrued liability. The expense and offsetting liability are reflected in the government-wide financial statements. The table below summarizes the OPEB costs.

Annual required contribution	\$ 15,428
Interest on net OPEB obligation	812
ARC adjustment with interest	(1,240)
Estimated employer contribution	<u>(13,694)</u>
Increase in net OPEB obligation	1,306
Net OPEB obligation - beginning of year	<u>23,205</u>
Net OPEB obligation - end of year	<u><u>\$ 24,511</u></u>

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Year Ending September 30,	Annual OPEB Cost	Estimated Contribution as a % of Annual OPEB Cost	Net OPEB Obligation
2016	\$ 15,000	47%	\$ 24,511
2017	14,976	57%	22,815

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the October 1, 2012, actuarial valuation the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate assuming the County will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes 30% of eligible retirees and, of that 30%, 25% of their spouses will participate in the plan; an initial annual healthcare cost trend rate of 8%, decreasing gradually over sixteen years until reaching an ultimate rate of 5%; and the UAAL is being amortized as a level dollar of projected payrolls over a thirty year period on a closed basis.

10. OTHER COMMITMENTS

The County currently holds several credit cards with a combined credit limit of \$31,950. As of September 30, 2016, \$2,907 of the available credit was in use.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

11. RISK MANAGEMENT

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

12. RELATED ORGANIZATIONS

The Owyhee County Historical Society (a nonprofit organization) preserves and displays historical artifacts of the County. In return, the County provides use of a building, payment of utilities, and payment of the payroll and related benefits of the Museum Director. The amounts paid for the Society consist of the expenditures in the Historical Society fund (a nonmajor special revenue fund), which amounted to \$61,302.

13. LONG-TERM OBLIGATIONS

The County leased a 2016 Caterpillar Loader under a long-term lease agreement. This was recorded as a municipal lease, as the County expects to retain the equipment at the end of the lease. The municipal lease consists of:

Equipment	\$ 146,903
Less accumulated amortization (included as depreciation on the accompanying financial statements)	-
	<u>\$ 146,903</u>

Changes in long-term obligations for the year ended September 30, 2016, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>9/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2016</u>	<u>Current Portion</u>
Loader Lease	2018	3.20%	<u>\$ -</u>	<u>\$ 146,903</u>	<u>\$ (74,607)</u>	<u>\$ 72,296</u>	<u>\$ 72,295</u>

Debt service requirements on long-term debt as of September 30, 2016, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 72,295	\$ 2,313	\$ 74,608
2018	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 72,296</u>	<u>\$ 2,313</u>	<u>\$ 74,609</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2016

14. RESTATEMENT

In prior years, there was too much depreciation taken in error. This caused the Net Position to be understated by \$20,000. Also, in prior periods pension related items were misstated. These changes caused Net Position to be restated as follows:

	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ 8,884,919
Decrease in Net Position due to misstated pension related items	(3,756)
Increase in Net Position due to understated depreciation	20,000
Net Position, Beginning - Restated	<u>\$ 8,901,163</u>

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Schedule of Funding Progress
 For the Year Ended September 30, 2016

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	as a % of Covered Payroll
10/1/2015	\$ -	\$ 135,935	\$ 135,935	0%	\$ 1,797,690	7.6%

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,540,340	\$ 1,540,340	\$ 1,539,748	\$ (592)
Intergovernmental	1,750,176	1,750,176	1,917,786	167,610
Grants and Contributions	70,500	70,500	26,669	(43,831)
Charges for Services	637,350	637,350	693,161	55,811
Other Revenues	173,500	173,500	295,823	122,323
Interest Earned	70,000	70,000	100,267	30,267
Total Revenues	<u>4,241,866</u>	<u>4,241,866</u>	<u>4,573,454</u>	<u>331,588</u>
Expenditures				
Current:				
Salaries	2,313,032	2,313,032	2,202,212	110,820
Benefits	926,812	926,812	870,364	56,448
Operating Expenses	1,575,022	1,575,022	1,258,691	316,331
Capital Outlay	252,000	252,000	188,272	63,728
Total Expenditures	<u>5,066,866</u>	<u>5,066,866</u>	<u>4,519,539</u>	<u>547,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(825,000)</u>	<u>(825,000)</u>	<u>53,915</u>	<u>878,915</u>
Other Financing Sources (Uses)				
Sale of Assets	2,500	2,500	12,495	9,995
Change in Fair Market Value of Investments	-	-	12,425	12,425
Transfers In	-	-	38,488	38,488
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>2,500</u>	<u>2,500</u>	<u>63,408</u>	<u>60,908</u>
Net Change in Fund Balances	(822,500)	(822,500)	117,323	939,823
Fund Balances - Beginning	822,500	822,500	2,975,950	2,153,450
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093,273</u>	<u>\$ 3,093,273</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 375,280	\$ 375,280	\$ 378,604	\$ 3,324
Intergovernmental	1,232,086	1,232,086	1,385,671	153,585
Grants and Contributions	-	-	-	-
Charges for Services	31,500	31,500	34,650	3,150
Other Revenues	1,000	1,000	3,412	2,412
Total Revenues	<u>1,639,866</u>	<u>1,639,866</u>	<u>1,802,337</u>	<u>162,471</u>
Expenditures				
Current:				
Salaries	311,145	311,145	276,636	34,509
Benefits	145,822	145,822	120,103	25,719
Operating Expenses	1,137,800	1,137,800	856,019	281,781
Capital Outlay	185,000	185,000	329,130	(144,130)
Total Expenditures	<u>1,779,767</u>	<u>1,779,767</u>	<u>1,581,888</u>	<u>197,879</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(139,901)</u>	<u>(139,901)</u>	<u>220,449</u>	<u>360,350</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	11,485	11,485
Proceeds from Municipal Lease	-	-	146,903	146,903
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>158,388</u>	<u>158,388</u>
Net Change in Fund Balances	(139,901)	(139,901)	378,837	518,738
Fund Balances - Beginning	139,901	139,901	786,818	646,917
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165,655</u>	<u>\$ 1,165,655</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Indigent and Charity
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 109,817	\$ 109,817	\$ 117,545	\$ 7,728
Intergovernmental	72,900	72,900	34,192	(38,708)
Grants and Contributions	-	-	1,375	1,375
Charges for Services	-	-	-	-
Other Revenues	50,000	50,000	54,116	4,116
Total Revenues	<u>232,717</u>	<u>232,717</u>	<u>207,228</u>	<u>(25,489)</u>
Expenditures				
Current:				
Salaries	34,326	34,326	33,702	624
Benefits	14,853	14,853	14,279	574
Operating Expenses	460,200	460,200	255,151	205,049
Capital Outlay	-	-	-	-
Total Expenditures	<u>509,379</u>	<u>509,379</u>	<u>303,132</u>	<u>206,247</u>
Net Change in Fund Balances	(276,662)	(276,662)	(95,904)	180,758
Fund Balances - Beginning	276,662	276,662	589,105	312,443
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,201</u>	<u>\$ 493,201</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2016

1. OPEB TRENDS

Future schedules may present factors that significantly affect the identification of trends in the amounts reported, such as changes in benefit provisions, the size or composition of the employee group covered by the plan, or the actuarial methods and assumptions used. Prior year amounts will not be restated.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

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

Owyhee County, Idaho
 Schedule of the County's Proportionate Share of the
 Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2016	2015
County proportion of the net pension liability (asset)	0.0913585%	0.0908608%
County's proportionate share of the net pension liability (asset)	\$ 1,851,977	\$ 1,193,462
County's covered-employee payroll	\$ 2,687,031	\$ 2,532,950
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.92%	47.12%
Plan fiduciary net position as a percentage of the total pension liability	82.26%	91.38%

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

Data reported is measured as of June 30, 2016

Owyhee County, Idaho
Schedule of County Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 307,145	\$ 289,517
Contributions in relation to the contractually required contribution	<u>307,145</u>	<u>289,517</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 2,687,031	\$ 2,532,950
Contributions as a percentage of covered-employee payroll	11.43%	11.43%

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

Data reported is measured as of September 30, 2016

SUPPLEMENTAL INFORMATION

Owyhee County, Idaho
 Supplemental Schedule of Revenues by Source
 - Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,540,340	\$ 1,539,748	\$ (592)
Intergovernmental	1,750,176	1,917,786	167,610
Grants and Contributions	70,500	26,669	(43,831)
Charges for Services	637,350	693,161	55,811
Other Revenues	173,500	295,823	122,323
Interest Earned	70,000	100,267	30,267
Disposition of Assets	2,500	12,495	9,995
Change in Fair Market Value of Investments	-	12,425	12,425
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 4,244,366</u>	<u>\$ 4,598,374</u>	<u>\$ 354,008</u>

Owyhee County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2016

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 283,543	\$ 260,910	\$ 22,633
Benefits	118,852	111,473	7,379
Operating Expenses	18,830	5,466	13,364
Capital Outlay	2,000	-	2,000
	<u>423,225</u>	<u>377,849</u>	<u>45,376</u>
Assessor			
Salaries	202,208	179,977	22,231
Benefits	87,402	77,148	10,254
Operating Expenses	16,450	11,886	4,564
Capital Outlay	1,000	1,000	-
	<u>307,060</u>	<u>270,011</u>	<u>37,049</u>
Treasurer/Tax Collector			
Salaries	106,799	106,308	491
Benefits	44,656	43,743	913
Operating Expenses	11,900	8,819	3,081
Capital Outlay	-	-	-
	<u>163,355</u>	<u>158,870</u>	<u>4,485</u>
Sheriff			
Salaries	656,869	662,107	(5,238)
Benefits	258,213	257,090	1,123
Operating Expenses	309,250	263,093	46,157
Capital Outlay	90,000	56,362	33,638
	<u>1,314,332</u>	<u>1,238,652</u>	<u>75,680</u>
Commissioners			
Salaries	76,362	76,362	-
Benefits	37,513	36,871	642
Operating Expenses	74,750	89,408	(14,658)
	<u>188,625</u>	<u>202,641</u>	<u>(14,016)</u>
Coroner			
Salaries	21,643	21,692	(49)
Benefits	11,862	11,247	615
Operating Expenses	26,800	17,075	9,725
Capital Outlay	1,000	351	649
	<u>61,305</u>	<u>50,365</u>	<u>10,940</u>
Prosecuting Attorney			
Salaries	156,746	149,718	7,028
Benefits	46,483	42,443	4,040
Operating Expenses	20,900	18,713	2,187
Capital Outlay	-	-	-
	<u>224,129</u>	<u>210,874</u>	<u>13,255</u>

Owyhee County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2016
(continued)

	Budget	Actual	Variance
Buildings and Grounds			
Salaries	\$ 32,408	\$ 27,671	\$ 4,737
Benefits	15,153	14,802	351
Operating Expenses	128,200	88,955	39,245
Capital Outlay	116,000	122,110	(6,110)
	<u>291,761</u>	<u>253,538</u>	<u>38,223</u>
Civil Defense			
Operating Expenses	31,000	52	30,948
Capital Outlay	40,000	6,528	33,472
	<u>71,000</u>	<u>6,580</u>	<u>64,420</u>
County Agent			
Salaries	73,706	68,783	4,923
Benefits	29,069	27,612	1,457
Operating Expenses	38,200	33,652	4,548
Capital Outlay	2,000	1,921	79
	<u>142,975</u>	<u>131,968</u>	<u>11,007</u>
Taxing District Elections			
Salaries	-	543	(543)
Benefits	-	-	-
Operating Expenses	-	-	-
Capital Outlay	-	-	-
	<u>-</u>	<u>543</u>	<u>(543)</u>
Elections			
Salaries	15,000	14,292	708
Benefits	375	-	375
Operating Expenses	14,550	17,334	(2,784)
Capital Outlay	-	-	-
	<u>29,925</u>	<u>31,626</u>	<u>(1,701)</u>
Building Department			
Salaries	48,732	34,445	14,287
Benefits	18,584	14,777	3,807
Operating Expenses	8,230	12,379	(4,149)
	<u>75,546</u>	<u>61,601</u>	<u>13,945</u>
Planning and Zoning			
Salaries	53,712	51,249	2,463
Benefits	17,639	17,066	573
Operating Expenses	11,925	5,555	6,370
	<u>83,276</u>	<u>73,870</u>	<u>9,406</u>

Owyhee County, Idaho
 Supplemental Schedule of Expenditures by Object of Expenditure
 - Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended September 30, 2016
 (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Operating Expenses	\$ 472,057	\$ 338,338	\$ 133,719
	<u>472,057</u>	<u>338,338</u>	<u>133,719</u>
Technology			
Operating Expenses	231,000	161,159	69,841
	<u>231,000</u>	<u>161,159</u>	<u>69,841</u>
Jail			
Salaries	585,304	548,155	37,149
Benefits	241,011	216,092	24,919
Operating Expenses	160,980	186,807	(25,827)
Capital Outlay	-	-	-
	<u>987,295</u>	<u>951,054</u>	<u>36,241</u>
 Total Expenditures	 <u>\$ 5,066,866</u>	 <u>\$ 4,519,539</u>	 <u>\$ 547,870</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016

	<u>Airport</u>	<u>Bond Redemption</u>	<u>District Court</u>	<u>County Fair</u>	<u>Fair Grounds</u>
Assets					
Cash and Cash Equivalents	\$ 29,450	\$ 34	\$ 326,758	\$ 23,360	\$ 30,432
Property Taxes Receivable	191	-	5,109	2,337	3,457
Prepaid Items	-	-	-	-	-
Total Assets	<u><u>\$ 29,641</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ 331,867</u></u>	<u><u>\$ 25,697</u></u>	<u><u>\$ 33,889</u></u>
Liabilities					
Salaries and Benefits Payable	\$ -	\$ -	\$ -	\$ 523	\$ -
Warrants and Accounts Payable	-	-	2,966	1,819	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,966</u>	<u>2,342</u>	<u>-</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	-	-	-	1,925	2,962
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,925</u>	<u>2,962</u>
Fund Balances					
Nonspendable - Prepaid Items	-	-	-	-	-
Restricted	29,641	34	328,901	21,430	30,927
Total Fund Balances	<u>29,641</u>	<u>34</u>	<u>328,901</u>	<u>21,430</u>	<u>30,927</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 29,641</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ 331,867</u></u>	<u><u>\$ 25,697</u></u>	<u><u>\$ 33,889</u></u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016
(continued)

	<u>Probation</u>	<u>Health District</u>	<u>Historical Society</u>	<u>Junior College</u>	<u>Pest</u>
Assets					
Cash and Cash Equivalents	\$ 25,427	\$ 12,900	\$ 43,726	\$ 99,610	\$ 4,389
Property Taxes Receivable	6,929	2,669	3,085	-	137
Prepaid Items	1,882	-	627	-	-
Total Assets	<u>\$ 34,238</u>	<u>\$ 15,569</u>	<u>\$ 47,438</u>	<u>\$ 99,610</u>	<u>\$ 4,526</u>
Liabilities					
Salaries and Benefits Payable	\$ 2,334	\$ -	\$ 1,107	\$ -	\$ -
Warrants and Accounts Payable	2,206	-	523	-	3,200
Total Liabilities	<u>4,540</u>	<u>-</u>	<u>1,630</u>	<u>-</u>	<u>3,200</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	10,734	2,263	2,624	-	-
Total Deferred Inflows	<u>10,734</u>	<u>2,263</u>	<u>2,624</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable - Prepaid Items	1,882	-	627	-	-
Restricted	17,082	13,306	42,557	99,610	1,326
Total Fund Balances	<u>18,964</u>	<u>13,306</u>	<u>43,184</u>	<u>99,610</u>	<u>1,326</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 34,238</u>	<u>\$ 15,569</u>	<u>\$ 47,438</u>	<u>\$ 99,610</u>	<u>\$ 4,526</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016
(continued)

	<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Veterans Memorial</u>	<u>Weeds</u>
Assets					
Cash and Cash Equivalents	\$ 148,453	\$ 117,242	\$ 169,953	\$ 932	\$ 30,431
Property Taxes Receivable	11,487	22,137	6,855	9	494
Prepaid Items	1,885	-	-	-	-
	<u>1,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 161,825</u>	<u>\$ 139,379</u>	<u>\$ 176,808</u>	<u>\$ 941</u>	<u>\$ 30,925</u>
Liabilities					
Salaries and Benefits Payable	\$ 3,869	\$ 1,140	\$ -	\$ -	\$ -
Warrants and Accounts Payable	2,998	17,740	3	1,200	150
	<u>2,998</u>	<u>17,740</u>	<u>3</u>	<u>1,200</u>	<u>150</u>
Total Liabilities	<u>6,867</u>	<u>18,880</u>	<u>3</u>	<u>1,200</u>	<u>150</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	9,851	20,070	5,772	-	419
	<u>9,851</u>	<u>20,070</u>	<u>5,772</u>	<u>-</u>	<u>419</u>
Total Deferred Inflows	<u>9,851</u>	<u>20,070</u>	<u>5,772</u>	<u>-</u>	<u>419</u>
Fund Balances					
Nonspendable - Prepaid Items	1,885	-	-	-	-
Restricted	143,222	100,429	171,033	(259)	30,356
	<u>143,222</u>	<u>100,429</u>	<u>171,033</u>	<u>(259)</u>	<u>30,356</u>
Total Fund Balances	<u>145,107</u>	<u>100,429</u>	<u>171,033</u>	<u>(259)</u>	<u>30,356</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 161,825</u>	<u>\$ 139,379</u>	<u>\$ 176,808</u>	<u>\$ 941</u>	<u>\$ 30,925</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016
(continued)

	<u>911</u>	<u>County Vessel</u>	<u>Waterway</u>	<u>Off Highway Vehicles</u>	<u>Taxing District Election</u>
Assets					
Cash and Cash Equivalents	\$ 86,539	\$ 8,090	\$ 31,101	\$ 30,585	\$ 137,104
Property Taxes Receivable	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Total Assets	<u>\$ 86,539</u>	<u>\$ 8,090</u>	<u>\$ 31,101</u>	<u>\$ 30,585</u>	<u>\$ 137,104</u>
Liabilities					
Salaries and Benefits Payable	\$ -	\$ -	\$ 866	\$ 851	\$ -
Warrants and Accounts Payable	396	7	866	616	42,000
Total Liabilities	<u>396</u>	<u>7</u>	<u>1,732</u>	<u>1,467</u>	<u>42,000</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable - Prepaid Items	-	-	-	-	-
Restricted	86,143	8,083	29,369	29,118	95,104
Total Fund Balances	<u>86,143</u>	<u>8,083</u>	<u>29,369</u>	<u>29,118</u>	<u>95,104</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 86,539</u>	<u>\$ 8,090</u>	<u>\$ 31,101</u>	<u>\$ 30,585</u>	<u>\$ 137,104</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2016
(continued)

	Economic Development	Total
Assets		
Cash and Cash Equivalents	\$ 9,178	\$ 1,365,694
Property Taxes Receivable	-	64,896
Prepaid Items	627	5,021
Total Assets	\$ 9,805	\$ 1,435,611
Liabilities		
Salaries and Benefits Payable	\$ 1,484	\$ 12,174
Warrants and Accounts Payable	2,411	79,101
Total Liabilities	3,895	91,275
Deferred Inflows:		
Unavailable Revenue - Property Tax	-	56,620
Total Deferred Inflows	-	56,620
Fund Balances		
Nonspendable - Prepaid Items	627	5,021
Restricted	5,283	1,282,695
Total Fund Balances	5,910	1,287,716
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 9,805	\$ 1,435,611

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2016

	Airport	Bond Redemption	District Court	County Fair	Fair Grounds
Revenues					
Property Taxes	\$ 385	\$ -	\$ 114,957	\$ 36,416	\$ 46,325
Intergovernmental	18,851	-	20,507	10,138	12,612
Grants and Contributions	-	-	-	-	-
Charges for Services	-	-	43,244	-	-
Other Revenues	-	-	3,590	-	-
Total Revenues	<u>19,236</u>	<u>-</u>	<u>182,298</u>	<u>46,554</u>	<u>58,937</u>
Expenditures					
Current:					
Salaries	-	-	-	15,700	-
Benefits	-	-	-	-	-
Operating Expenses	-	-	100,711	29,010	12,068
Capital Outlay	-	-	-	-	79,994
Total Expenditures	<u>-</u>	<u>-</u>	<u>100,711</u>	<u>44,710</u>	<u>92,062</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,236</u>	<u>-</u>	<u>81,587</u>	<u>1,844</u>	<u>(33,125)</u>
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,236	-	81,587	1,844	(33,125)
Fund Balances - Beginning	10,405	34	247,314	19,586	64,052
Fund Balances - Ending	<u>\$ 29,641</u>	<u>\$ 34</u>	<u>\$ 328,901</u>	<u>\$ 21,430</u>	<u>\$ 30,927</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2016
(continued)

	Probation	Health District	Historical Society	Junior College	Pest
Revenues					
Property Taxes	\$ 43,420	\$ 36,238	\$ 41,731	\$ -	\$ 2,206
Intergovernmental	20,323	10,228	10,919	61,698	-
Grants and Contributions	68,357	-	812	-	-
Charges for Services	14,134	-	-	-	-
Other Revenues	4,695	-	7	300	583
Total Revenues	<u>150,929</u>	<u>46,466</u>	<u>53,469</u>	<u>61,998</u>	<u>2,789</u>
Expenditures					
Current:					
Salaries	91,291	-	34,765	-	-
Benefits	42,925	-	14,952	-	-
Operating Expenses	25,046	52,359	11,585	53,000	3,201
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>159,262</u>	<u>52,359</u>	<u>61,302</u>	<u>53,000</u>	<u>3,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,333)</u>	<u>(5,893)</u>	<u>(7,833)</u>	<u>8,998</u>	<u>(412)</u>
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,333)	(5,893)	(7,833)	8,998	(412)
Fund Balances - Beginning	27,297	19,199	51,017	90,612	1,738
Fund Balances - Ending	<u>\$ 18,964</u>	<u>\$ 13,306</u>	<u>\$ 43,184</u>	<u>\$ 99,610</u>	<u>\$ 1,326</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2016
(continued)

	<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Veterans Memorial</u>	<u>Weeds</u>
Revenues					
Property Taxes	\$ 186,459	\$ 220,750	\$ 84,014	\$ 100	\$ 5,171
Intergovernmental	51,545	564	24,223	30	1,343
Grants and Contributions	-	-	-	-	-
Charges for Services	-	2,570	-	-	-
Other Revenues	-	543	-	-	-
Total Revenues	<u>238,004</u>	<u>224,427</u>	<u>108,237</u>	<u>130</u>	<u>6,514</u>
Expenditures					
Current:					
Salaries	137,519	37,201	571	-	-
Benefits	53,073	9,276	46	-	-
Operating Expenses	22,478	192,944	111,838	1,202	18,806
Capital Outlay	-	13,050	-	-	-
Total Expenditures	<u>213,070</u>	<u>252,471</u>	<u>112,455</u>	<u>1,202</u>	<u>18,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,934</u>	<u>(28,044)</u>	<u>(4,218)</u>	<u>(1,072)</u>	<u>(12,292)</u>
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	24,934	(28,044)	(4,218)	(1,072)	(12,292)
Fund Balances - Beginning	120,173	128,473	175,251	813	42,648
Fund Balances - Ending	<u>\$ 145,107</u>	<u>\$ 100,429</u>	<u>\$ 171,033</u>	<u>\$ (259)</u>	<u>\$ 30,356</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2016
(continued)

	911	County Vessel	Waterway	Off Highway Vehicles	Taxing District Election
Revenues					
Property Taxes	\$ 601	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	42,510	-
Grants and Contributions	38,780	-	21,775	-	-
Charges for Services	-	-	-	-	-
Other Revenues	116,982	25,000	-	-	65,766
Total Revenues	<u>156,363</u>	<u>25,000</u>	<u>21,775</u>	<u>42,510</u>	<u>65,766</u>
Expenditures					
Current:					
Salaries	-	-	12,848	12,878	-
Benefits	-	-	2,800	2,351	320
Operating Expenses	127,761	19,582	12,310	13,752	43,031
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>127,761</u>	<u>19,582</u>	<u>27,958</u>	<u>28,981</u>	<u>43,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,602</u>	<u>5,418</u>	<u>(6,183)</u>	<u>13,529</u>	<u>22,415</u>
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(38,488)	-	-	-	-
Total Other Financing Sources	<u>(38,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,886)	5,418	(6,183)	13,529	22,415
Fund Balances - Beginning	96,029	2,665	35,552	15,589	72,689
Fund Balances - Ending	<u>\$ 86,143</u>	<u>\$ 8,083</u>	<u>\$ 29,369</u>	<u>\$ 29,118</u>	<u>\$ 95,104</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2016
(continued)

	Economic Development	Total
Revenues		
Property Taxes	\$ -	\$ 818,773
Intergovernmental	-	285,491
Grants and Contributions	31,650	161,374
Charges for Services	-	59,948
Other Revenues	43,076	260,542
Total Revenues	74,726	1,586,128
Expenditures		
Current:		
Salaries	45,481	388,254
Benefits	17,052	142,795
Operating Expenses	18,795	869,479
Capital Outlay	-	93,044
Total Expenditures	81,328	1,493,572
Excess (Deficiency) of Revenues Over Expenditures	(6,602)	92,556
Other Financing Sources (Uses)		
Sale of Assets	-	-
Transfers In	-	-
Transfers Out	-	(38,488)
Total Other Financing Sources	-	(38,488)
Net Change in Fund Balances	(6,602)	54,068
Fund Balances - Beginning	12,512	1,233,648
Fund Balances - Ending	\$ 5,910	\$ 1,287,716

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2016

	<u>State of Idaho</u>	<u>Special Taxing County</u>	<u>Miscellaneous Trust</u>	<u>Sensitive Species Research</u>
Assets				
Cash and Cash Equivalents	\$ 123,985	\$ 95,803	\$ 2,257,623	\$ 50,813
Property Taxes Receivable	-	282,683	-	-
Other Receivables	-	-	13,425	-
Total Assets	<u>\$ 123,985</u>	<u>\$ 378,486</u>	<u>\$ 2,271,048</u>	<u>\$ 50,813</u>
 Liabilities				
Warrants and Accounts Payable	\$ 123,985	\$ 95,134	\$ 229,734	\$ -
Due to Other Funds or Taxing Units	-	283,352	2,041,314	50,813
Total Liabilities	<u>\$ 123,985</u>	<u>\$ 378,486</u>	<u>\$ 2,271,048</u>	<u>\$ 50,813</u>

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
(continued)
September 30, 2016

	<u>911 Trust Account</u>	<u>Hazardous Waste</u>	<u>Owyhee County Initiative</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 382,544	\$ 398,894	\$ 1,952	\$ 3,311,614
Property Taxes Receivable	-	-	-	282,683
Other Receivables	-	-	-	13,425
Total Assets	<u>\$ 382,544</u>	<u>\$ 398,894</u>	<u>\$ 1,952</u>	<u>\$ 3,607,722</u>
Liabilities				
Warrants and Accounts Payable	\$ -	\$ 1,000	\$ -	\$ 449,853
Due to Other Funds or Taxing Units	<u>382,544</u>	<u>397,894</u>	<u>1,952</u>	<u>3,157,869</u>
Total Liabilities	<u>\$ 382,544</u>	<u>\$ 398,894</u>	<u>\$ 1,952</u>	<u>\$ 3,607,722</u>

Owyhee County, Idaho
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30,2016

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of the Interior</u>		
Direct:		
Payment in Lieu of Taxes	15.226	\$ 1,312,017
Total U.S. Department of the Interior		<u>1,312,017</u>
<u>U.S. Department of Transportation</u>		
Passed through State Department of Transportation		
Highway Planning and Construction	20.205	1,014
State & Community Highway Safety	20.600	2,345
Minimum Penalty for Repeat	20.608	363
National Priority Safety Programs	20.616	3,663
Total U.S. Department of Transportation		<u>7,385</u>
<u>U.S. Department of Homeland Security</u>		
Passed through State Military Division:		
Homeland Security Grant Program	97.067	5,153
Total U.S. Department of Homeland Security		<u>5,153</u>
Total Federal Financial Assistance Expended		<u><u>\$ 1,324,555</u></u>

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

Owyhee County, Idaho
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Owyhee County, Idaho under programs of the Federal Government for the year ended September 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Owyhee County, Idaho, it is not intended to and does not present the financial position or changes in Net Position of Owyhee County, Idaho

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

Owyhee County, Idaho has elected to use the 10-percent de minimis indirect cost rate.

FEDERAL REPORTS



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Owyhee County
Murphy, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Owyhee County, Idaho, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Owyhee County, Idaho's basic financial statements and have issued our report thereon dated February 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Owyhee County, Idaho'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 Owyhee County, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Owyhee County, Idaho's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Owyhee County, Idaho'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 entity'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.

Millington Zwysart CPAs, PLLC

Caldwell, Idaho
February 10, 2017



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance

Board of Commissioners
Owyhee County
Murphy, Idaho

Report on Compliance for Each Major Federal Program

We have audited Owyhee County, Idaho'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 Owyhee County, Idaho's major federal programs for the year ended September 30, 2016. Owyhee County Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Owyhee County, Idaho'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 Owyhee County, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Owyhee County, Idaho, 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 Owyhee County, Idaho, 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 Owyhee County, Idaho'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 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 Owyhee County, Idaho'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.

Millington Zwysart CPAs, PLLC

Caldwell, Idaho
February 10, 2017

Owyhee County, Idaho
Schedule of Findings and Questioned Costs
For the Year Ended September 30,2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program
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15.226	Payment in Lieu of Taxes
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.