

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2018

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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, 2018, 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, 2018, 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 33 through 39 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 supplemental information is 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 is 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 April 16, 2019 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.

Zwysart John & Associates, CPAs PLLC

Caldwell, Idaho
April 16, 2019

Owyhee County, Idaho
Statement of Net Position
September 30, 2018

	Primary Government Governmental Activities	Component Unit
Assets		
Cash and Cash Equivalents	\$ 1,882,865	\$ 15,869
Receivables, Net:		
Property Taxes	191,367	-
Interest	215,896	-
Due From Other Governments	638,279	-
Prepaid Items	59,867	-
Noncurrent Cash and Cash Equivalents	4,739,307	-
Capital Assets:		
Land	726,628	-
Buildings and Improvements, Net	2,903,776	-
Equipment, Net	555,626	-
Total Capital Assets	4,186,030	-
Total Assets	11,913,611	15,869
Deferred Outflows		
Pension Related Items	318,362	-
OPEB Related Items	19,011	-
Total Deferred Outflows	337,373	-
Liabilities		
Salaries and Benefits Payable	112,072	-
Warrants and Accounts Payable	269,798	-
Long-Term Liabilities:		
Due Within One Year:		
Compensated Absences	59,633	-
Due in More Than One Year:		
Other Post-Employment Benefits	236,788	-
Compensated Absences	59,630	-
Net Pension Liability	1,359,323	-
Total Liabilities	2,097,244	-
Deferred Inflows		
Pension Related Items	253,690	-
Total Deferred Inflows	253,690	-
Net Position		
Invested in Capital Assets, Net of Related Debt	4,186,030	-
Restricted	3,739,147	-
Unrestricted	1,974,873	15,869
Total Net Position	\$ 9,900,050	\$ 15,869

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

Owyhee County, Idaho
Statement of Activities
For the Year Ended September 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary Government:						
Governmental Activities:						
General Government	\$ 2,491,910	\$ 555,457	\$ 73,843	\$ -	\$ (1,862,610)	\$ -
Public Safety	3,398,217	443,390	139,408	-	(2,815,419)	-
Highways and Streets	1,272,720	252,472	9,200	-	(1,011,048)	-
Sanitation	334,291	1,251	19,559	-	(313,481)	-
Health	53,569	-	-	-	(53,569)	-
Welfare	944,532	-	377,000	-	(567,532)	-
Education	74,135	-	-	-	(74,135)	-
Culture and Recreation	219,026	-	-	-	(219,026)	-
Total Primary Government	\$ 8,788,400	\$ 1,252,570	\$ 619,010	\$ -	(6,916,820)	-
Component Unit:						
Fair Board	\$ 58,199	\$ 40,967	\$ -	\$ -		(17,232)
General Revenues:						
Property Taxes					3,224,512	-
Intergovernmental					4,091,392	-
Other					103,723	-
Unrestricted Investment Earnings					112,439	-
Change in Fair Market Value of Investments					68,481	-
Disposal of Assets					16,585	-
Total General Revenues and Special Items					7,617,132	-
Change in Net Position					700,312	(17,232)
Net Position, Beginning of Year - Previously					9,386,683	33,101
Prior Period Adjustment					(186,945)	-
Net Position, Beginning of Year					9,199,738	33,101
Net Position, End of Year					\$ 9,900,050	\$ 15,869

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

Owyhee County, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2018

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 3,433,005	\$ 1,384,020	\$ 219,165	\$ 1,585,982	\$ 6,622,172
Property Taxes Receivable, Net	92,625	9,581	18,023	71,138	191,367
Interest Receivable	215,896	-	-	-	215,896
Due From Other Governments	228,693	359,038	8,069	42,479	638,279
Prepaid Items	36,294	5,096	11,074	7,403	59,867
Total Assets	\$ 4,006,513	\$ 1,757,735	\$ 256,331	\$ 1,707,002	\$ 7,727,581
Liabilities:					
Salaries and Benefits Payable	\$ 84,417	\$ 13,025	\$ 1,535	\$ 13,095	\$ 112,072
Warrants and Accounts Payable	136,477	8,428	27,538	97,355	269,798
Total Liabilities	220,894	21,453	29,073	110,450	381,870
Deferred Inflows:					
Unavailable Revenue - Property Tax	91,418	9,124	16,236	54,191	170,969
Total Deferred Inflows	91,418	9,124	16,236	54,191	170,969
Fund Balances:					
Nonspendable - Prepaid Items	36,294	5,096	11,074	7,403	59,867
Restricted	-	1,722,062	482,127	1,534,958	3,739,147
Unassigned	3,657,907	-	(282,179)	-	3,375,728
Total Fund Balance	3,694,201	1,727,158	211,022	1,542,361	7,174,742
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,006,513	\$ 1,757,735	\$ 256,331	\$ 1,707,002	\$ 7,727,581

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, 2018

Total Fund Balances - Governmental Funds \$ 7,174,742

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 \$5,721,208 Accum. Depreciation	2,903,776	
Equipment, Net of \$3,763,095 Accumulated Depreciation	<u>555,626</u>	
		4,186,030

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.		170,969
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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	\$ (236,788)	
Compensated Absences	(119,263)	
OPEB Related Deferred Outflows	<u>19,011</u>	
		(337,040)

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	\$ (1,359,323)	
Pension Related Deferred Inflows	(253,690)	
Pension Related Deferred Outflows	<u>318,362</u>	
		<u>(1,294,651)</u>

Net Position of Governmental Activities		<u>\$ 9,900,050</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, 2018

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 1,635,123	\$ 182,489	\$ 392,265	\$ 1,005,919	\$ 3,215,796
Intergovernmental	2,318,892	1,394,698	35,737	342,065	4,091,392
Grants and Contributions	98,904	-	377,000	143,106	619,010
Charges for Services	779,315	252,472	-	220,783	1,252,570
Other Revenues	28,302	18,904	1,900	54,617	103,723
Interest Earned	112,439	-	-	-	112,439
Total Revenues	<u>4,972,975</u>	<u>1,848,563</u>	<u>806,902</u>	<u>1,766,490</u>	<u>9,394,930</u>
Expenditures					
Current:					
General Government	1,915,744	-	-	456,978	2,372,722
Public Safety	2,729,749	-	-	503,007	3,232,756
Highways and Streets	-	1,082,787	-	-	1,082,787
Sanitation	-	-	-	336,306	336,306
Health	-	-	-	54,684	54,684
Welfare	-	-	946,223	-	946,223
Education	-	-	-	75,250	75,250
Culture and Recreation	-	-	-	116,084	116,084
Capital Outlay	142,779	92,023	-	172,100	406,902
Total Expenditures	<u>4,788,272</u>	<u>1,174,810</u>	<u>946,223</u>	<u>1,714,409</u>	<u>8,623,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>184,703</u>	<u>673,753</u>	<u>(139,321)</u>	<u>52,081</u>	<u>771,216</u>
Other Financing Sources (Uses)					
Sale of Assets	16,826	-	-	-	16,826
Change in Fair Market Value of Investments	68,481	-	-	-	68,481
Total Other Financing Sources (Uses)	<u>85,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,307</u>
Net Change in Fund Balances	270,010	673,753	(139,321)	52,081	856,523
Net Position - Beginning, Previously Stated	3,462,508	1,053,405	350,343	1,507,145	6,373,401
Prior Period Adjustment	(38,317)	-	-	(16,865)	(55,182)
Fund Balances - Beginning	<u>3,424,191</u>	<u>1,053,405</u>	<u>350,343</u>	<u>1,490,280</u>	<u>6,318,219</u>
Fund Balances - Ending	<u>\$ 3,694,201</u>	<u>\$ 1,727,158</u>	<u>\$ 211,022</u>	<u>\$ 1,542,361</u>	<u>\$ 7,174,742</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, 2018

Total Net Change in Fund Balance - Governmental Funds \$ 856,523

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	\$ 52,230	
Depreciation Expense	(403,441)	
Disposed Assets	<u>(241)</u>	
Net		(351,452)

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. 8,716

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. (4,487)

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 79,466

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. 111,546

Change in Net Position of Governmental Activities \$ 700,312

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

Owyhee County, Idaho
Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2018

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ 4,081,638
Property Taxes Receivable	<u>293,880</u>
Total Assets	<u><u>\$ 4,375,518</u></u>
Liabilities	
Warrants and Accounts Payable	\$ 422,713
Due to Other Funds or Taxing Units	<u>3,952,805</u>
Total Liabilities	<u><u>\$ 4,375,518</u></u>

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

Owyhee County, Idaho
 Balance Sheet -
 Component Unit
 September 30, 2018

	<u>Fair Board</u>
Assets	
Cash and Cash Equivalents	\$ 15,869
Total Assets	\$ 15,869
 Liabilities	
Accounts Payable and Other Current Liabilities	\$ -
Total Liabilities	-
 Fund Balance	
Unassigned	15,869
Total Liabilities and Fund Balance	\$ 15,869

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, 2018

	Fair Board
Revenues	
Charges for Services	\$ 40,967
Total Revenues	40,967
 Expenditures	
Current:	
Operating Expenditures	58,199
Total Expenses	58,199
 Net Change in Fund Balances	(17,232)
 Fund Balances - Beginning	33,101
Fund Balances - Ending	\$ 15,869

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Fund</u>	<u>Purpose</u>
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, 2018

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	10 – 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, 2018.

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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Post-Employment Benefits

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Other Post-Employment Benefit Plan (the County's OPEB Plan) and additions to/deductions from the County's OPEB Plan fiduciary net position have been determined on the same basis as they are reported by the County's OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2018, the carrying amount of the County's deposits was \$4,958,212 and the respective bank balances totaled \$3,471,339. 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, 2018, 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 \$1,000 of cash on hand at the end of the year.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

2. CASH AND INVESTMENTS (continued)

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 \$467,857. 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.

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, 2018, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1	1 - 5	>5
External Investment Pool	None	\$ 1,587,601	\$ 1,587,601	\$ -	\$ -
Certificates of Deposit	N/A	467,857	-	467,857	-
U.S. Government Bonds	AAA	3,959,880	-	1,092,897	2,866,983
Asset Backed Securities	N/A	311,570	-	-	311,570
Money Market	N/A	252,082	252,082	-	-
		<u>\$ 6,578,990</u>	<u>\$ 1,839,683</u>	<u>\$ 1,560,754</u>	<u>\$ 3,178,553</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

2. CASH AND INVESTMENTS (continued)

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	\$ 402,493	\$ 15,869	\$ 418,362	\$ 3,937,412
Investments categorized as deposits	6,578,990	-	6,578,990	-
	<u>\$ 6,981,483</u>	<u>\$ 15,869</u>	<u>\$ 6,997,352</u>	<u>\$ 3,937,412</u>

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

	Book Balance	Bank Balance
Tax Collector	\$ 4,202	\$ 25,764
Tax Collector Trust	37,636	37,636
Inmate Trust	19,567	24,574
	<u>\$ 61,405</u>	<u>\$ 87,974</u>

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consists of ag replacement tax revenue of \$228,693 and highway user funds of \$359,038 both due from the State of Idaho.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2018</u>
<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	<u>4,234,233</u>	<u>131,696</u>	<u>47,209</u>	<u>4,318,720</u>
Total Historical Cost	<u>12,859,217</u>	<u>131,696</u>	<u>47,209</u>	<u>12,943,704</u>
Less: Accumulated Depreciation				
Buildings and Improvements	5,527,481	193,727	-	5,721,208
Equipment	<u>3,600,349</u>	<u>209,714</u>	<u>46,968</u>	<u>3,763,095</u>
Total Acc. Depr.	<u>9,127,830</u>	<u>403,441</u>	<u>46,968</u>	<u>9,484,303</u>
Net Depreciable Assets	<u>3,731,387</u>	<u>(271,745)</u>	<u>241</u>	<u>3,459,401</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 4,458,015</u>	<u>\$ (271,745)</u>	<u>\$ 241</u>	<u>\$ 4,186,029</u>

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

Governmental Activities:	
General Government	\$ 126,027
Public Safety	165,689
Highways and Streets	102,496
Culture and Recreation	<u>9,229</u>
	<u>\$ 403,441</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

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.

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

5. PENSION PLAN (continued)

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, 2018, 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 for the year ended September 30, 2018.

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

At September 30, 2018, Owyhee County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, Owyhee County's proportion was 0.0921564 percent.

For the year ended September 30, 2018, Owyhee County recognized pension expense (revenue) of \$222,295. At September 30, 2018, Owyhee County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 149,215	\$ 102,662
Changes in assumptions or other inputs	88,451	-
Net difference between projected and actual earnings on pension plan investments	-	151,028
Owyhee County's contributions subsequent to the measurement date	80,696	-
Total	\$ 318,362	\$ 253,690

\$80,696 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, 2018.

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, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 and 5.5 for the measurement period June 30, 2018.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

5. PENSION PLAN (continued)

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	PERSI
September 30:	
2019	\$ 191,192
2020	13,020
2021	(111,387)
2022	(28,153)

Actuarial Assumptions

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

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

Inflation	3.25%
Salary increases	4.25 – 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, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

5. PENSION PLAN (continued)

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

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

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

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

5. PENSION PLAN (continued)

<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%
* Expected arithmetic return net of fees and expenses				
Assumed Inflation - Mean				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.42%
Portfolio Long-Term Expected Geometric Rate of Return				7.50%
Assumed Investment Expenses				0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses				<u>7.10%</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.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 3,402,693	\$ 1,359,323	\$ (332,671)

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

5. PENSION PLAN (continued)

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.

	9/30/2017	Increase	Decrease	9/30/2018	Current
Governmental Activities	\$ 98,514	\$ 149,113	\$ (128,360)	\$ 119,267	\$ 59,634

7. LEASE COMMITMENTS

The County entered into a lease for office space in October 2016. The lease is for 24 months ending September 2019.

The County also entered into several copier leases. Each is for 60 months. The County plans on returning all of the copiers at the end of the leases.

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2019	\$ 75,425
2020	64,887
2021	61,908
2022	91,908
	\$ 294,128

Rent expenditures for the year ended September 30, 2018, were \$41,072.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

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, 2018, the County made no employer contributions to the plan.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The County's Other Post-Employment Benefit Plan (the County's OPEB Plan) is a single-employer defined benefit healthcare plan administered by GemPlan. The County's OPEB plan does not include the PERSI pension benefits otherwise discussed in these financial statements and does not issue a publicly available financial report.

Benefits Provided

GemPlan, as administrator of the County's OPEB Plan, contracts with Blue Cross/Blue Shield of Idaho to provide health insurance benefits to eligible retirees and their eligible dependents. A retiree who retires while participating in the Public 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. Eligibility for the County's OPEB Plan is further determined by employees having obtained a minimum age of 55 with at least 20 years of service with the County for general employees and obtaining a minimum 5 years of service with the County for elected officials. Retirees are on the same medical plan as the County's active employees.

Contributions and Implicit Rate Subsidy

OPEB benefits 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 the benefits. There is no requirement to pre-fund benefits under government accounting standards. However, if benefits are not pre-funded, OPEB liabilities are created and will grow over time. The County has not pre-funded these benefits.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Government accounting standards require employers recognize the implicit rate subsidy that exists in most post-employment benefit plans. The implicit rate subsidy refers to the concept that retirees under the age of 65 (those not Medicare eligible) generate higher claims on average than active participants.

When a medical plan is self-insured through a third-party administrator or fully insured, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower. Therefore, the retirees' premiums are being subsidized by the active group. The difference between the expected claims for the retiree group and the blended premium is called the implicit rate subsidy. Accordingly, the County's implicit subsidy contributions were \$16,672 for the year ended September 30, 2018.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at yearend were as follows:

Total OPEB Liability	\$ 236,788
OPEB Plan Fiduciary Net Position	-
Net OPEB obligation - end of year	<u>\$ 236,788</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 <u>0%</u>

OPEB Revenue (Expense) and Deferred Outflows of Resources to OPEB

For the year ended September 30, 2018, the County recognized OPEB revenue (expense) of \$16,266. At September 30, 2018, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
County Implicit subsidy contributions subsequent to the measurement date	<u>\$ 19,011</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2017 which was also the measurement date. The following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age, level percentage of pay
Inflation	2.50%
Salary increases	3.00%
Medical trend rate	6.50% as of October 1, 2017 grading to 5.00% over 6 years
Mortality	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. Since the County's OPEB plan is not pre-funded, the discount rate is equal to the 20-Year Municipal Bond Yield of 3.50%.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning of Year	\$ 234,043	\$ -	\$ 234,043
Changes for the Year			
Service Cost	11,125	-	11,125
Interest Cost	8,292	-	8,292
Benefit Payments	(16,672)	-	(16,672)
Net Change in Total OPEB liability	<u>2,745</u>	<u>-</u>	<u>2,745</u>
End of Year	<u>\$ 236,788</u>	<u>\$ -</u>	<u>\$ 236,788</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

	1 % Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 222,954	\$ 236,788	\$ 251,718

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.5% Decreasing to 4%)	Current Healthcare Cost Trend Rate (6.50% Decreasing to 5%)	1% Decrease (7.5% Decreasing to 6%)
Net OPEB Liability	\$ 220,450	\$ 236,788	\$ 255,457

10. OTHER COMMITMENTS

The County currently holds several credit cards with a combined credit limit of \$36,400. As of September 30, 2018, \$3,084 of the available credit was in use.

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 \$63,645.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2018

13. RESTATEMENT

Statement of Activities

GASB 75 requires calculations for OPEB. This caused prior period OPEB amounts to be restated. This caused Net Position to be understated.

Municipal leases were paid off in the prior year causing Net Position to be overstated

Decreases in Property taxes in included in Other Funds.

These changes caused Net Position to be restated as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 9,386,683
Decrease in Net Position due to understated OPEB liabilities	(211,229)
Increase in net position because debt that was paid off in the prior year	79,466
Decrease in Net position due to Property Taxes Included in Other funds	(55,182)
Net Position, Beginning - Restated	\$ 9,199,738

Governmental Funds

Decreases in Property taxes in included in Other Funds.

	Governmental Funds
Fund Balance, Beginning - As Previously Stated	\$ 6,733,401
Decrease in Fund Balance due to Property Taxes Included in Other funds	(55,182)
Fund Balance, Beginning - Restated	\$ 6,678,219

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,618,132	\$ 1,618,132	\$ 1,635,123	\$ 16,991
Intergovernmental	2,058,726	2,058,726	2,318,892	260,166
Grants and Contributions	76,000	76,000	98,904	22,904
Charges for Services	909,347	909,347	779,315	(130,032)
Other Revenues	550	550	28,302	27,752
Interest Earned	75,000	75,000	112,439	37,439
Total Revenues	<u>4,737,755</u>	<u>4,737,755</u>	<u>4,972,975</u>	<u>235,220</u>
Expenditures				
Current:				
Salaries	2,629,206	2,695,934	2,552,800	143,134
Benefits	1,040,491	1,049,904	973,528	76,376
Operating Expenses	1,518,318	1,442,177	1,119,165	323,012
Capital Outlay	271,750	271,750	142,779	128,971
Total Expenditures	<u>5,459,765</u>	<u>5,459,765</u>	<u>4,788,272</u>	<u>671,493</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(722,010)</u>	<u>(722,010)</u>	<u>184,703</u>	<u>906,713</u>
Other Financing Sources (Uses)				
Sale of Assets	21,000	21,000	16,826	(4,174)
Change in Fair Market Value of Investments	-	-	68,481	68,481
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>21,000</u>	<u>21,000</u>	<u>85,307</u>	<u>64,307</u>
Net Change in Fund Balances	(701,010)	(701,010)	270,010	971,020
Fund Balances - Beginning	861,510	861,510	3,424,191	2,562,681
Fund Balances - Ending	<u>\$ 160,500</u>	<u>\$ 160,500</u>	<u>\$ 3,694,201</u>	<u>\$ 3,533,701</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 178,091	\$ 178,091	\$ 182,489	\$ 4,398
Intergovernmental	1,232,086	1,232,086	1,394,698	162,612
Grants and Contributions	30,000	30,000	-	(30,000)
Charges for Services	31,500	31,500	252,472	220,972
Other Revenues	1,000	1,000	18,904	17,904
Total Revenues	<u>1,472,677</u>	<u>1,472,677</u>	<u>1,848,563</u>	<u>375,886</u>
Expenditures				
Current:				
Salaries	365,474	365,474	321,695	43,779
Benefits	163,176	163,176	141,060	22,116
Operating Expenses	1,294,800	1,294,800	620,032	674,768
Capital Outlay	99,000	99,000	92,023	6,977
Total Expenditures	<u>1,922,450</u>	<u>1,922,450</u>	<u>1,174,810</u>	<u>747,640</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(449,773)</u>	<u>(449,773)</u>	<u>673,753</u>	<u>1,123,526</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	-	-
Proceeds from Municipal Lease	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(449,773)	(449,773)	673,753	1,123,526
Fund Balances - Beginning	449,773	449,773	1,053,405	603,632
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,727,158</u>	<u>\$ 1,727,158</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Indigent and Charity
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 392,751	\$ 392,751	\$ 392,265	\$ (486)
Intergovernmental	35,737	35,737	35,737	-
Grants and Contributions	70,263	377,000	377,000	-
Charges for Services	-	-	-	-
Other Revenues	1,900	1,900	1,900	-
Total Revenues	<u>500,651</u>	<u>807,388</u>	<u>806,902</u>	<u>(486)</u>
Expenditures				
Current:				
Salaries	39,766	39,766	39,023	743
Benefits	16,069	16,069	15,754	315
Operating Expenses	590,200	1,105,200	891,446	213,754
Capital Outlay	-	-	-	-
Total Expenditures	<u>646,035</u>	<u>1,161,035</u>	<u>946,223</u>	<u>214,812</u>
Net Change in Fund Balances	(145,384)	(353,647)	(139,321)	214,326
Fund Balances - Beginning	145,384	353,647	350,343	(3,304)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,022</u>	<u>\$ 211,022</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2018

1. 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*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County proportion of the net pension liability (asset)	0.0921564%	0.0949855%	0.0913585%	0.0908608%
County's proportionate share of the net pension liability (asset)	\$ 1,359,323	\$ 1,493,009	\$ 1,851,977	\$ 1,193,462
County's covered-employee payroll	\$ 2,975,904	\$ 2,865,779	\$ 2,687,031	\$ 2,532,950
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.68%	52.10%	68.92%	47.12%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	87.26%	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, 2018

Owyhee County, Idaho
Schedule of County Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 340,001	\$ 327,528	\$ 307,145	\$ 289,517
Contributions in relation to the contractually required contribution	<u>340,001</u>	<u>327,528</u>	<u>307,145</u>	<u>289,517</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 2,975,904	\$ 2,865,779	\$ 2,687,031	\$ 2,532,950
Contributions as a percentage of covered-employee payroll	11.43%	11.43%	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, 2018

Owyhee County, Idaho
Schedule of Changes in Net OPEB Liability and Related Ratios

Other Post-Employment Benefit Plan

Last 10 - Fiscal Years*

	2018
Fiscal Year	
Total OPEB Liability	
Service Cost	\$ 11,125
Interest Cost	8,292
Benefit Payments	(16,672)
Net Change in Total OPEB Liability	2,745
Total OPEB Liability - Beginning	234,043
Total OPEB Liability - Ending (a)	\$ 236,788
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending (b)	\$ -
County's Net OPEB Liability - Ending (a) - (b)	\$ 236,788
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%
Covered Employee Payroll	\$ 2,530,275
Net OPEB Liability as a Percentage of Covered Employee Payroll	9%

*GASB 75 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

NOTES:

A. The net OPEB liability amount presented for each fiscal year was determined as of the fiscal year end.

B. The County has not presented a schedule of employer contributions or schedule of investment returns since the County does not prefund the County's OPEB Plan with contributions, and accordingly, actuarially determined contributions have not been calculated and there are no contractually or statutorily determined contributions applicable to the employer.

SUPPLEMENTAL INFORMATION

Owyhee County, Idaho
 Supplemental Schedule of Revenues by Source
 - Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,618,132	\$ 1,635,123	\$ 16,991
Intergovernmental	2,058,726	2,318,892	260,166
Grants and Contributions	76,000	98,904	22,904
Charges for Services	909,347	779,315	(130,032)
Other Revenues	550	28,302	27,752
Interest Earned	75,000	112,439	37,439
Disposition of Assets	21,000	16,826	(4,174)
Change in Fair Market Value of Investments	-	68,481	68,481
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 4,758,755</u>	<u>\$ 5,058,282</u>	<u>\$ 299,527</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Clerk/Auditor			
Salaries	\$ 319,675	\$ 317,950	\$ 1,725
Benefits	135,640	140,606	(4,966)
Operating Expenses	20,780	8,026	12,754
Capital Outlay	2,000	400	1,600
	<u>478,095</u>	<u>466,982</u>	<u>11,113</u>
Assessor			
Salaries	217,294	204,285	13,009
Benefits	94,393	85,063	9,330
Operating Expenses	14,650	8,938	5,712
Capital Outlay	1,000	-	1,000
	<u>327,337</u>	<u>298,286</u>	<u>29,051</u>
Treasurer/Tax Collector			
Salaries	129,171	112,939	16,232
Benefits	49,647	43,148	6,499
Operating Expenses	12,800	9,601	3,199
Capital Outlay	750	623	127
	<u>192,368</u>	<u>166,311</u>	<u>26,057</u>
Sheriff			
Salaries	746,080	710,955	35,125
Benefits	294,584	275,075	19,509
Operating Expenses	275,228	268,495	6,733
Capital Outlay	112,500	105,345	7,155
	<u>1,428,392</u>	<u>1,359,870</u>	<u>68,522</u>
Commissioners			
Salaries	82,587	82,587	-
Benefits	40,795	40,023	772
Operating Expenses	92,905	70,880	22,025
Capital Outlay	-	-	-
	<u>216,287</u>	<u>193,490</u>	<u>22,797</u>
Coroner			
Salaries	23,295	23,334	(39)
Benefits	12,789	12,109	680
Operating Expenses	35,050	24,180	10,870
Capital Outlay	12,000	3,200	8,800
	<u>83,134</u>	<u>62,823</u>	<u>20,311</u>
Prosecuting Attorney			
Salaries	275,237	265,849	9,388
Benefits	63,849	63,216	633
Operating Expenses	25,000	23,580	1,420
Capital Outlay	2,500	2,270	230
	<u>366,586</u>	<u>354,915</u>	<u>11,671</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, 2018
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Buildings and Grounds			
Salaries	\$ 32,014	\$ 26,507	\$ 5,507
Benefits	15,413	14,865	548
Operating Expenses	159,300	83,436	75,864
Capital Outlay	94,000	525	93,475
	<u>300,727</u>	<u>125,333</u>	<u>175,394</u>
Civil Defense			
Operating Expenses	33,500	-	
Capital Outlay	30,000	23,895	6,105
	<u>63,500</u>	<u>23,895</u>	<u>6,105</u>
County Agent			
Salaries	82,725	73,580	9,145
Benefits	30,926	28,171	2,755
Operating Expenses	39,800	34,937	4,863
Capital Outlay	2,000	1,985	15
	<u>155,451</u>	<u>138,673</u>	<u>16,778</u>
Elections			
Salaries	15,000	9,135	5,865
Benefits	375	-	375
Operating Expenses	14,850	11,671	3,179
	<u>30,225</u>	<u>20,806</u>	<u>9,419</u>
Building Department			
Salaries	44,738	37,446	7,292
Benefits	17,566	16,085	1,481
Operating Expenses	21,830	4,676	17,154
Capital Outlay	10,000	-	
	<u>94,134</u>	<u>58,207</u>	<u>25,927</u>
Planning and Zoning			
Salaries	75,143	76,395	(1,252)
Benefits	31,052	30,675	377
Operating Expenses	15,825	8,925	6,900
	<u>122,020</u>	<u>115,995</u>	<u>6,025</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, 2018
 (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Operating Expenses	\$ 226,659	\$ 160,834	\$ 65,825
	<u>226,659</u>	<u>160,834</u>	<u>65,825</u>
Technology			
Operating Expenses	227,000	174,360	52,640
	<u>227,000</u>	<u>174,360</u>	<u>52,640</u>
Jail			
Salaries	652,975	611,838	41,137
Benefits	262,875	224,492	38,383
Operating Expenses	227,000	226,626	374
Capital Outlay	5,000	4,536	464
	<u>1,147,850</u>	<u>1,067,492</u>	<u>80,358</u>
 Total Expenditures	 <u>\$ 5,459,765</u>	 <u>\$ 4,788,272</u>	 <u>\$ 627,993</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018

	<u>Airport</u>	<u>Bond Redemption</u>	<u>District Court</u>	<u>County Fair</u>	<u>Fair Grounds</u>
Assets					
Cash and Cash Equivalents	\$ 29,834	\$ 34	\$ 346,540	\$ 14,613	\$ 118,629
Property Taxes Receivable	68	-	974	2,124	6,597
Due From Other Governments	-	-	5,649	2,648	3,347
Prepaid Items	-	-	-	-	-
Total Assets	<u>\$ 29,902</u>	<u>\$ 34</u>	<u>\$ 353,163</u>	<u>\$ 19,385</u>	<u>\$ 128,573</u>
Liabilities					
Salaries and Benefits Payable	\$ -	\$ -	\$ -	\$ 649	\$ -
Warrants and Accounts Payable	-	-	19,189	9	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>19,189</u>	<u>658</u>	<u>-</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	-	-	-	1,925	5,883
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,925</u>	<u>5,883</u>
Fund Balances					
Nonspendable - Prepaid Items	-	-	-	-	-
Restricted	29,902	34	333,974	16,802	122,690
Total Fund Balances	<u>29,902</u>	<u>34</u>	<u>333,974</u>	<u>16,802</u>	<u>122,690</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 29,902</u>	<u>\$ 34</u>	<u>\$ 353,163</u>	<u>\$ 19,385</u>	<u>\$ 128,573</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018
(continued)

	<u>Probation</u>	<u>Health District</u>	<u>Historical Society</u>	<u>Junior College</u>	<u>Pest</u>
Assets					
Cash and Cash Equivalents	\$ 36,972	\$ 7,665	\$ 37,777	\$ 166,204	\$ 4,341
Property Taxes Receivable	5,201	2,606	3,429	-	175
Due From Other Governments	5,598	2,615	3,008	-	-
Prepaid Items	1,313	-	656	2,150	-
Total Assets	<u>\$ 49,084</u>	<u>\$ 12,886</u>	<u>\$ 44,870</u>	<u>\$ 168,354</u>	<u>\$ 4,516</u>
Liabilities					
Salaries and Benefits Payable	\$ 3,906	\$ -	\$ 1,842	\$ -	\$ -
Warrants and Accounts Payable	1,041	-	880	2,150	-
Total Liabilities	<u>4,947</u>	<u>-</u>	<u>2,722</u>	<u>2,150</u>	<u>-</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	5,020	2,263	3,082	-	-
Total Deferred Inflows	<u>5,020</u>	<u>2,263</u>	<u>3,082</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable - Prepaid Items	1,313	-	656	2,150	-
Restricted	37,804	10,623	38,410	164,054	4,516
Total Fund Balances	<u>39,117</u>	<u>10,623</u>	<u>39,066</u>	<u>166,204</u>	<u>4,516</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 49,084</u>	<u>\$ 12,886</u>	<u>\$ 44,870</u>	<u>\$ 168,354</u>	<u>\$ 4,516</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018
(continued)

	<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Veterans Memorial</u>	<u>Weeds</u>
Assets					
Cash and Cash Equivalents	\$ 187,617	\$ 107,715	\$ 168,721	\$ 1,350	\$ 44,534
Property Taxes Receivable	12,010	21,590	5,936	72	1,418
Due From Other Governments	13,615	-	5,999	-	-
Prepaid Items	2,628	-	-	-	-
Total Assets	<u>\$ 215,870</u>	<u>\$ 129,305</u>	<u>\$ 180,656</u>	<u>\$ 1,422</u>	<u>\$ 45,952</u>
Liabilities					
Salaries and Benefits Payable	\$ 4,558	\$ 1,716	\$ 50	\$ -	\$ -
Warrants and Accounts Payable	1,375	17,035	92	-	746
Total Liabilities	<u>5,933</u>	<u>18,751</u>	<u>142</u>	<u>-</u>	<u>746</u>
Deferred Inflows:					
Unavailable Revenue - Property Tax	10,831	18,581	5,329	-	1,277
Total Deferred Inflows	<u>10,831</u>	<u>18,581</u>	<u>5,329</u>	<u>-</u>	<u>1,277</u>
Fund Balances					
Nonspendable - Prepaid Items	2,628	-	-	-	-
Restricted	196,478	91,973	175,185	1,422	43,929
Total Fund Balances	<u>199,106</u>	<u>91,973</u>	<u>175,185</u>	<u>1,422</u>	<u>43,929</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 215,870</u>	<u>\$ 129,305</u>	<u>\$ 180,656</u>	<u>\$ 1,422</u>	<u>\$ 45,952</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018
(continued)

	911	County Vessel	Waterway	Off Highway Vehicles	Taxing District Election
Assets					
Cash and Cash Equivalents	\$ 118,828	\$ 1,867	\$ 21,838	\$ 15,728	\$ 147,072
Property Taxes Receivable	8,938	-	-	-	-
Due From Other Governments	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Total Assets	\$ 127,766	\$ 1,867	\$ 21,838	\$ 15,728	\$ 147,072
Liabilities					
Salaries and Benefits Payable	\$ -	\$ -	\$ 207	\$ 167	\$ -
Warrants and Accounts Payable	3,913	165	839	624	42,000
Total Liabilities	3,913	165	1,046	791	42,000
Deferred Inflows:					
Unavailable Revenue - Property Tax	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-
Fund Balances					
Nonspendable - Prepaid Items	-	-	-	-	-
Restricted	123,853	1,702	20,792	14,937	105,072
Total Fund Balances	123,853	1,702	20,792	14,937	105,072
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 127,766	\$ 1,867	\$ 21,838	\$ 15,728	\$ 147,072

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018
(continued)

	Economic Development	Ambulance District	Total
Assets			
Cash and Cash Equivalents	\$ 7,297	\$ 806	\$ 1,585,982
Property Taxes Receivable	-	-	71,138
Due From Other Governments	-	-	42,479
Prepaid Items	656	-	7,403
Total Assets	\$ 7,953	\$ 806	\$ 1,707,002
Liabilities			
Salaries and Benefits Payable	\$ -	\$ -	\$ 13,095
Warrants and Accounts Payable	7,297	-	97,355
Total Liabilities	7,297	-	110,450
Deferred Inflows:			
Unavailable Revenue - Property Tax	-	-	54,191
Total Deferred Inflows	-	-	54,191
Fund Balances			
Nonspendable - Prepaid Items	656	-	7,403
Restricted	-	806	1,534,958
Unrestricted	-	-	-
Total Fund Balances	656	806	1,542,361
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,953	\$ 806	\$ 1,707,002

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Airport	Bond Redemption	District Court	County Fair	Fair Grounds
Revenues					
Property Taxes	\$ 34	\$ -	\$ 372	\$ 33,538	\$ 133,515
Intergovernmental	107	-	24,219	10,645	13,253
Grants and Contributions	-	-	-	-	-
Charges for Services	-	-	58,912	-	-
Other Revenues	-	-	2,527	-	-
Total Revenues	<u>141</u>	<u>-</u>	<u>86,030</u>	<u>44,183</u>	<u>146,768</u>
Expenditures					
Current:					
Salaries	-	-	-	19,018	-
Benefits	-	-	-	3,110	-
Operating Expenses	-	-	96,942	26,000	4,311
Capital Outlay	-	-	800	-	96,423
Total Expenditures	<u>-</u>	<u>-</u>	<u>97,742</u>	<u>48,128</u>	<u>100,734</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>141</u>	<u>-</u>	<u>(11,712)</u>	<u>(3,945)</u>	<u>46,034</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	141	-	(11,712)	(3,945)	46,034
Net Position - Beginning, Previously Stated	29,761	34	377,533	20,747	76,656
Prior Period Adjustment	-	-	(31,847)	-	-
Fund Balances - Beginning	<u>29,761</u>	<u>34</u>	<u>345,686</u>	<u>20,747</u>	<u>76,656</u>
Fund Balances - Ending	<u>\$ 29,902</u>	<u>\$ 34</u>	<u>\$ 333,974</u>	<u>\$ 16,802</u>	<u>\$ 122,690</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(continued)

	Probation	Health District	Historical Society	Junior College	Pest
Revenues					
Property Taxes	\$ 39,026	\$ 44,183	\$ 62,069	\$ -	\$ 2,993
Intergovernmental	27,435	10,728	12,307	65,271	613
Grants and Contributions	59,319	-	-	-	-
Charges for Services	6,302	-	-	-	-
Other Revenues	5,418	-	-	40,600	-
Total Revenues	<u>137,500</u>	<u>54,911</u>	<u>74,376</u>	<u>105,871</u>	<u>3,606</u>
Expenditures					
Current:					
Salaries	98,466	-	36,865	-	-
Benefits	45,563	-	14,982	-	-
Operating Expenses	22,549	54,684	11,798	75,250	3,500
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>166,578</u>	<u>54,684</u>	<u>63,645</u>	<u>75,250</u>	<u>3,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,078)</u>	<u>227</u>	<u>10,731</u>	<u>30,621</u>	<u>106</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	<u>(29,078)</u>	<u>227</u>	<u>10,731</u>	<u>30,621</u>	<u>106</u>
Net Position - Beginning, Previously Stated	68,195	10,396	28,335	135,583	4,410
Prior Period Adjustment	-	-	-	-	-
Fund Balances - Beginning	<u>68,195</u>	<u>10,396</u>	<u>28,335</u>	<u>135,583</u>	<u>4,410</u>
Fund Balances - Ending	<u>\$ 39,117</u>	<u>\$ 10,623</u>	<u>\$ 39,066</u>	<u>\$ 166,204</u>	<u>\$ 4,516</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(continued)

	<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Veterans Memorial</u>	<u>Weeds</u>
Revenues					
Property Taxes	\$ 202,270	\$ 273,536	\$ 97,757	\$ 1,837	\$ 26,703
Intergovernmental	54,152	564	25,372	31	1,414
Grants and Contributions	-	-	-	-	-
Charges for Services	-	1,251	-	-	-
Other Revenues	-	1,997	2,365	-	-
Total Revenues	<u>256,422</u>	<u>277,348</u>	<u>125,494</u>	<u>1,868</u>	<u>28,117</u>
Expenditures					
Current:					
Salaries	133,474	40,806	604	-	-
Benefits	53,011	9,399	119,625	-	-
Operating Expenses	18,786	230,311	4,421	-	26,367
Capital Outlay	19,980	216	-	-	-
Total Expenditures	<u>225,251</u>	<u>280,732</u>	<u>124,650</u>	<u>-</u>	<u>26,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>31,171</u>	<u>(3,384)</u>	<u>844</u>	<u>1,868</u>	<u>1,750</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	31,171	(3,384)	844	1,868	1,750
Net Position - Beginning, Previously Stated	167,935	95,357	174,341	(446)	42,179
Prior Period Adjustment	-	-	-	-	-
Fund Balances - Beginning	<u>167,935</u>	<u>95,357</u>	<u>174,341</u>	<u>(446)</u>	<u>42,179</u>
Fund Balances - Ending	<u>\$ 199,106</u>	<u>\$ 91,973</u>	<u>\$ 175,185</u>	<u>\$ 1,422</u>	<u>\$ 43,929</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(continued)

	911	County Vessel	Waterway	Off Highway Vehicles	Taxing District Election
Revenues					
Property Taxes	\$ 2,444	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	12,862	83,092
Grants and Contributions	-	-	19,559	-	-
Charges for Services	154,318	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	<u>156,762</u>	<u>-</u>	<u>19,559</u>	<u>12,862</u>	<u>83,092</u>
Expenditures					
Current:					
Salaries	-	-	13,713	17,201	1,923
Benefits	-	-	2,159	2,943	320
Operating Expenses	126,418	5,966	10,051	8,089	44,446
Capital Outlay	13,654	-	-	-	36,880
Total Expenditures	<u>140,072</u>	<u>5,966</u>	<u>25,923</u>	<u>28,233</u>	<u>83,569</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,690</u>	<u>(5,966)</u>	<u>(6,364)</u>	<u>(15,371)</u>	<u>(477)</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	16,690	(5,966)	(6,364)	(15,371)	(477)
Net Position - Beginning, Previously Stated	92,181	7,668	27,156	30,308	105,549
Prior Period Adjustment	14,982	-	-	-	-
Fund Balances - Beginning	<u>107,163</u>	<u>7,668</u>	<u>27,156</u>	<u>30,308</u>	<u>105,549</u>
Fund Balances - Ending	<u>\$ 123,853</u>	<u>\$ 1,702</u>	<u>\$ 20,792</u>	<u>\$ 14,937</u>	<u>\$ 105,072</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2018
(continued)

	Economic Development	Ambulance District	Total
Revenues			
Property Taxes	\$ -	\$ 85,642	\$ 1,005,919
Intergovernmental	-	-	342,065
Grants and Contributions	64,228	-	143,106
Charges for Services	-	-	220,783
Other Revenues	1,710	-	54,617
	<u>65,938</u>	<u>85,642</u>	<u>1,766,490</u>
Expenditures			
Current:			
Salaries	40,054		402,124
Benefits	15,058		266,170
Operating Expenses	19,290	84,836	874,015
Capital Outlay	4,147		172,100
	<u>78,549</u>	<u>84,836</u>	<u>1,714,409</u>
Total Expenditures			
	<u>78,549</u>	<u>84,836</u>	<u>1,714,409</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,611)</u>	<u>806</u>	<u>52,081</u>
Other Financing Sources (Uses)			
Sale of Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(12,611)	806	52,081
Net Position - Beginning, Previously Stated	13,267	-	1,507,145
Prior Period Adjustment	-	-	(16,865)
Fund Balances - Beginning	<u>13,267</u>	<u>-</u>	<u>1,490,280</u>
Fund Balances - Ending	<u>\$ 656</u>	<u>\$ 806</u>	<u>\$ 1,542,361</u>

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2018

	<u>State of Idaho</u>	<u>Special Taxing County</u>	<u>Miscellaneous Trust</u>	<u>Sensitive Species Research</u>
Assets				
Cash and Cash Equivalents	\$ 144,226	\$ 116,803	\$ 2,966,891	\$ 46,668
Property Taxes Receivable	-	293,880	-	-
Total Assets	<u>\$ 144,226</u>	<u>\$ 410,683</u>	<u>\$ 2,966,891</u>	<u>\$ 46,668</u>
Liabilities				
Warrants and Accounts Payable	\$ 144,226	\$ 21,069	\$ 257,418	\$ -
Due to Other Funds or Taxing Units	-	389,614	2,709,473	46,668
Total Liabilities	<u>\$ 144,226</u>	<u>\$ 410,683</u>	<u>\$ 2,966,891</u>	<u>\$ 46,668</u>

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2018

	<u>911 Trust Account</u>	<u>Hazardous Waste</u>	<u>Owyhee County Initiative</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 382,544	\$ 422,554	\$ 1,952	\$ 4,081,638
Property Taxes Receivable	-	-	-	293,880
Total Assets	<u><u>\$ 382,544</u></u>	<u><u>\$ 422,554</u></u>	<u><u>\$ 1,952</u></u>	<u><u>\$ 4,375,518</u></u>
 Liabilities				
Warrants and Accounts Payable	\$ -	\$ -	\$ -	\$ 422,713
Due to Other Funds or Taxing Units	<u>382,544</u>	<u>422,554</u>	<u>1,952</u>	<u>3,952,805</u>
Total Liabilities	<u><u>\$ 382,544</u></u>	<u><u>\$ 422,554</u></u>	<u><u>\$ 1,952</u></u>	<u><u>\$ 4,375,518</u></u>

FEDERAL REPORTS

Owyhee County, Idaho
Schedule of Expenditures of Federal Awards
For the Year Ended September 30,2018

<u>Program Title</u>	Federal CFDA Number	Flowthrough Number	Program Expenditures
<u>U.S. Department of the Interior</u>			
Direct:			
Payment in Lieu of Taxes	15.226		\$ 1,367,534
Total U.S. Department of the Interior			<u>1,367,534</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation			
State & Community Highway Safety	20.600		3,479
National Priority Safety Programs	20.616		16,096
Total U.S. Department of Transportation			<u>19,575</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Military Division:			
Emergency Management Performance	97.042	EMS2016EP00004	13,847
Homeland Security Grant Program	97.067	EMW2017SS00054	36,222
Passed through Department of Park and Recreation:			
Boating Safety	97.012	14.01.16	19,559
Total U.S. Department of Homeland Security			<u>69,628</u>
Total Federal Financial Assistance Expended			<u>\$ 1,456,737</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, 2018

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, 2018. 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 for 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 not elected to use the 10-percent de minimis indirect cost rate.

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, 2018, 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 April 16, 2019.

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.

Zwysart John & Associates, CPAs PLLC

Caldwell, Idaho
April 16, 2019

**Independent Auditor's Report on Compliance For Each
Major Program and on Internal Control Over Compliance
Required by 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

Zwyzart John & Associates, CPAs PLLC

Caldwell, ID
April 16, 2019

Owyhee County, Idaho
Schedule of Findings and Questioned Costs
For the Year Ended September 30,2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in

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

15.226 Payment in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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.