

BOISE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2016

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	13
Statement of Fiduciary Net Position	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	33
Schedule of Employer's Share of Net Pension Liability	34
Schedule of Employer Contributions	35
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	36
Road and Bridge	37
Justice Fund	38
Solid Waste	39
Notes to Required Supplementary Information	40
SUPPLEMENTAL INFORMATION	
Supplemental Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	41

Supplemental Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	42
Combining Balance Sheet – Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	47
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	51

FEDERAL REPORTS

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	52
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	54
Schedule of Findings and Questioned Costs	56
Summary of Prior Year Audit Findings	58
Corrective Action Plan	59

Independent Auditor's Report

To the Board of Commissioners
Boise County, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho** (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho**, as of September 30, 2016, and the respective changes in financial position thereof 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, schedule of employer's share of net pension liability – PERSI, schedule of employer contributions, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that 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 **Boise County, Idaho's** basic financial statements. The schedules of revenues by source and expenditures by object of expenditure – budget and actual, and the combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The schedules of revenues by source and expenditures by object of expenditure – budget and actual have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we did not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017, on our consideration of **Boise 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 the County's internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
March 17, 2017

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

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 11,410,757
Receivables, Net:	
Property Taxes	438,761
Interest	4,864
Due from Other Governments	477,325
Accounts	315,282
Prepaid Items	12,913
Capital Assets:	
Land	326,441
Infrastructure, Net	9,810,299
Buildings, Net	1,515,759
Equipment, Net	1,498,877
Total Capital Assets	13,151,376
Total Assets	25,811,278
Deferred Outflows	
Pension	1,127,446
Liabilities	
Accounts Payable	109,270
Salaries and Benefits Payable	21,187
Accrued Interest	5,968
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	140,327
Bonds Payable	400,000
Municipal Leases Payable	218,315
Due in More than One Year:	
Other Post-Employment Benefits	56,421
Net Pension Liability	1,942,958
Bonds Payable	895,970
Municipal Leases Payable	403,262
Total Liabilities	4,193,678
Deferred Inflows	
Pension	661,605
Net Position	
Net Investment in Capital Assets	12,529,799
Restricted for:	
Roads and Bridges	1,980,212
Public Safety	1,908,811
Sanitation	1,092,323
Debt Service	936,569
Other Purposes	2,786,538
Unrestricted (Deficit) Surplus	849,189
Total Net Position	\$ 22,083,441

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

Boise County, Idaho
Statement of Activities
For the Year Ended September 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General Government	\$ 2,405,341	\$ 313,846	\$ 86,989	\$ 0	\$ (2,004,506)
Public Safety	3,008,283	390,827	462,486	72,622	(2,082,348)
Highways and Roads	1,872,678	28,395	0	2,496,295	652,012
Sanitation	658,136	51,079	0	0	(607,057)
Weed Control	129,308	60,922	54,169	0	(14,217)
Welfare	116,369	0	0	0	(116,369)
Education	31,420	0	0	0	(31,420)
Culture and Recreation	39,405	0	0	0	(39,405)
Interest on Long-term Debt	38,863	0	0	0	(38,863)
Total Governmental Activities	\$ 8,299,803	\$ 845,069	\$ 603,644	\$ 2,568,917	(4,282,173)

General Revenues:	
Property Taxes and Special Fees	5,681,031
Intergovernmental	1,813,487
Investment Earnings	103,449
Other	602,288
Disposal of Assets	15,608
Total General Revenues and Special Items	8,215,863
Change in Net Position	3,933,690
Net Position - Beginning, Previously	10,084,091
Prior Period Adjustments	8,065,660
Net Position - Beginning, Restated	18,149,751
Net Position - End of Year	\$ 22,083,441

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

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

	General	Road and Bridge	Justice Fund	Solid Waste
Assets				
Cash and Cash Equivalents	\$ 2,674,204	\$ 1,798,001	\$ 1,572,664	\$ 1,204,674
Receivables, Net:				
Taxes	122,063	3,214	116,099	62,251
Interest	4,864	0	0	0
Due from Other Governments	39,872	301,848	103,186	0
Accounts	107,134	0	152,429	0
Prepaid Items	0	0	0	0
Total Assets	<u>2,948,137</u>	<u>2,103,063</u>	<u>1,944,378</u>	<u>1,266,925</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 2,948,137</u>	<u>\$ 2,103,063</u>	<u>\$ 1,944,378</u>	<u>\$ 1,266,925</u>
Liabilities				
Accounts Payable	\$ 20,379	\$ 0	\$ 625	\$ 0
Salaries and Benefits Payable	23,302	22,851	34,942	2,048
Total Liabilities	<u>43,681</u>	<u>22,851</u>	<u>35,567</u>	<u>2,048</u>
Deferred Inflows				
Unavailable Property Taxes	<u>102,466</u>	<u>2,901</u>	<u>198,522</u>	<u>53,415</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	1,977,311	1,710,289	1,038,908
Committed	1,450,000	100,000	0	42,554
Assigned	1,300,000	0	0	130,000
Unassigned	51,990	0	0	0
Total Fund Balances	<u>2,801,990</u>	<u>2,077,311</u>	<u>1,710,289</u>	<u>1,211,462</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,948,137</u>	<u>\$ 2,103,063</u>	<u>\$ 1,944,378</u>	<u>\$ 1,266,925</u>

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

Boise County, Idaho
Balance Sheet -
Governmental Funds
September 30, 2016
(continued)

	Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,137,409	\$ 3,023,805	\$ 11,410,757
Receivables, Net:			
Taxes	36,703	98,431	438,761
Interest	0	0	4,864
Due from Other Governments	0	32,419	477,325
Accounts	0	55,719	315,282
Prepaid Items	0	12,913	12,913
Total Assets	<u>1,174,112</u>	<u>3,223,287</u>	<u>12,659,902</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,174,112</u>	<u>\$ 3,223,287</u>	<u>\$ 12,659,902</u>
Liabilities			
Accounts Payable	\$ 0	\$ 183	\$ 21,187
Salaries and Benefits Payable	0	26,127	109,270
Total Liabilities	<u>0</u>	<u>26,310</u>	<u>130,457</u>
Deferred Inflows			
Unavailable Property Taxes	<u>32,385</u>	<u>111,723</u>	<u>501,412</u>
Fund Balances			
Nonspendable	0	12,913	12,913
Restricted	910,152	2,674,815	8,311,475
Committed	231,575	372,526	2,196,655
Assigned	0	25,000	1,455,000
Unassigned	0	0	51,990
Total Fund Balances	<u>1,141,727</u>	<u>3,085,254</u>	<u>12,028,033</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,174,112</u>	<u>\$ 3,223,287</u>	<u>\$ 12,659,902</u>

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

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

Total Fund Balances - Governmental Funds \$ 12,028,033

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	\$ 326,441	
Infrastructure, net of \$602,806 accumulated depreciation	9,810,299	
Buildings, net of \$553,093 accumulated depreciation	1,515,759	
Equipment, net of \$5,008,917 accumulated depreciation	<u>1,498,877</u>	
		13,151,376

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are considered unavailable in the funds. 501,412

In the government-wide statements, deferred inflows represent acquisitions of net position that are applicable to a future reporting period and deferred outflows represent the consumption of resources that are applicable to a future reporting period. These deferrals consist of:

Deferred outflows related to net pension liability	1,127,446	
Deferred inflows related to net pension liability	<u>(661,605)</u>	
		465,841

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. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Accrued Interest		(5,968)
Bonds Payable	(1,215,000)	
Unamortized Bond Premiums	(80,970)	
Municipal Leases Payable	(621,577)	
Net Pension Liability	(1,942,958)	
Other Post-Employment Benefits	(56,421)	
Compensated Absences	<u>(140,327)</u>	
Total Long-Term Liabilities		<u>(4,057,253)</u>

Net Position of Governmental Activities \$ 22,083,441

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

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

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Justice Fund</u>	<u>Solid Waste</u>
Revenues				
Property Taxes and Special Fees	\$ 1,483,971	\$ 5,081	\$ 1,494,570	\$ 658,958
Intergovernmental	229,457	1,193,576	297,169	0
Grants and Donations	41,740	2,496,295	454,781	0
Charges for Services	238,980	28,395	171,163	51,079
Investment Earnings	103,449	0	0	0
Other	305,779	70,906	67,116	17,845
Total Revenues	<u>2,403,376</u>	<u>3,794,253</u>	<u>2,484,799</u>	<u>727,882</u>
Expenditures				
Current:				
General Government	1,401,898	0	0	0
Public Safety	388,963	0	2,070,631	0
Highways and Roads	0	1,436,909	0	0
Sanitation	0	0	0	629,212
Weed Control	0	0	0	0
Welfare	0	0	0	0
Education	0	0	0	0
Culture and Recreation	0	0	0	0
Debt Service:				
Principal	8,157	164,496	78,715	0
Interest	317	13,670	16,806	0
Capital Outlay	77,914	1,879,416	49,635	8,165
Total Expenditures	<u>1,877,249</u>	<u>3,494,491</u>	<u>2,215,787</u>	<u>637,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>526,127</u>	<u>299,762</u>	<u>269,012</u>	<u>90,505</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	79,416	0	0
Sale of Assets	0	0	20,800	14,742
Transfers In	0	18,000	8,474	0
Transfers Out	(308,474)	0	0	(18,000)
Total Other Financing Sources (Uses)	<u>(308,474)</u>	<u>97,416</u>	<u>29,274</u>	<u>(3,258)</u>
Net Change in Fund Balances	<u>217,653</u>	<u>397,178</u>	<u>298,286</u>	<u>87,247</u>
Fund Balances - Beginning, Previously	2,498,844	1,680,133	1,408,003	1,124,215
Prior Period Adjustment	85,493	0	4,000	0
Fund Balances - Beginning, Restated	<u>2,584,337</u>	<u>1,680,133</u>	<u>1,412,003</u>	<u>1,124,215</u>
Fund Balances - Ending	<u>\$ 2,801,990</u>	<u>\$ 2,077,311</u>	<u>\$ 1,710,289</u>	<u>\$ 1,211,462</u>

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

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

	Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes and Special Fees	\$ 686,347	\$ 1,228,813	\$ 5,557,740
Intergovernmental	0	93,285	1,813,487
Grants and Donations	0	179,745	3,172,561
Charges for Services	0	355,452	845,069
Investment Earnings	0	0	103,449
Other	10,038	130,604	602,288
Total Revenues	696,385	1,987,899	12,094,594
Expenditures			
Current:			
General Government	0	890,309	2,292,207
Public Safety	0	315,116	2,774,710
Highways and Roads	0	0	1,436,909
Sanitation	0	0	629,212
Weed Control	0	122,085	122,085
Welfare	0	116,281	116,281
Education	0	31,420	31,420
Culture and Recreation	0	36,411	36,411
Debt Service:			
Principal	395,000	0	646,368
Interest	36,511	0	67,304
Capital Outlay	0	9,523	2,024,653
Total Expenditures	431,511	1,521,145	10,177,560
Excess (Deficiency) of Revenues Over Expenditures	264,874	466,754	1,917,034
Other Financing Sources (Uses)			
Debt Proceeds	0	0	79,416
Sale of Assets	0	0	35,542
Transfers In	415,317	0	441,791
Transfers Out	0	(115,317)	(441,791)
Total Other Financing Sources (Uses)	415,317	(115,317)	114,958
Net Change in Fund Balances	680,191	351,437	2,031,992
Fund Balances - Beginning, Previously	461,536	2,722,211	9,894,942
Prior Period Adjustment	0	11,606	101,099
Fund Balances - Beginning, Restated	461,536	2,733,817	9,996,041
Fund Balances - Ending	\$ 1,141,727	\$ 3,085,254	\$ 12,028,033

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

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

Total Net Change in Fund Balance - Governmental Funds \$ 2,031,992

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 or create a gain or loss on an asset when it is disposed.

Capital Outlay	\$	1,822,738	
Disposal of Assets		(19,934)	
Depreciation Expense		<u>(582,991)</u>	
			1,219,813

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 unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities. 123,291

Bond proceeds and municipal leases entered into during the year are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities, except for the amortization of bond premiums. Similarly, repayment of bond and municipal lease principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. Accrued interest is also not a current financial use and does not affect fund balance but is reported in the government-wide statements.

Bond and Municipal Lease Proceeds		(79,416)	
Principal Payments Made		646,368	
Amortization of Bond Premium		26,990	
Change in Accrued Interest		<u>1,451</u>	
			595,393

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Changes in Net Pension Liability and the related deferrals		(17,531)	
Other Post-Employment Benefit Liability Changes		(10,671)	
Compensated Absences Liability Changes		<u>(8,597)</u>	
			<u>(36,799)</u>

Change in Net Position of Governmental Activities \$ 3,933,690

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

Boise County, Idaho
Statement of Fiduciary Net Position
September 30, 2016

	Agency Funds			Total
	State Remittance	Special Taxing District	Miscellaneous Trusts	
Assets				
Cash and Cash Equivalents	\$ 163	\$ 46,550	\$ 843,914	\$ 890,627
Property Taxes Receivable	0	334,184	0	334,184
Total Assets	163	380,734	843,914	1,224,811
Deferred Outflows	0	0	0	0
Total Assets and Deferred Outflows	\$ 163	\$ 380,734	\$ 843,914	\$ 1,224,811
Liabilities				
Due to Other Funds or Taxing Units	\$ 163	\$ 380,734	\$ 843,914	\$ 1,224,811
Deferred Inflows	0	0	0	0
Total Liabilities and Deferred Inflows	\$ 163	\$ 380,734	\$ 843,914	\$ 1,224,811

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Boise 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 any component units, entities for which the government is considered to be financially accountable. However, the County's reporting entity does not contain any component units as defined in *Government Accounting Standards*.

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

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 non-exchange transactions.

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.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows and liabilities plus deferred inflows is reported as fund balance. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Justice fund.* This fund accounts for all activity related to public safety as well as the operations of the Prosecuting Attorney's office.
- *Solid Waste fund.* This fund accounts for solid waste management services.
- *Bond fund.* This fund accounts for the resources used to pay any issued bond securities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The types of fiduciary funds include: Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Of the four categories, the County has only Agency Funds. Agency Funds are custodial in nature (assets plus deferred outflows equal liabilities plus deferred inflows) and do not involve measurement or results of operations.

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. Non-exchange 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.

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 County uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Assets that cannot be converted to cash (prepaid items), assets that cannot be converted to cash soon enough to pay current expenditures (long-term receivables or assets held for resale), or resources that must be maintained intact (endowment principal or capital of a revolving loan).
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed.* Balances constrained to a specific purpose by the County's highest level of decision-making authority (the Board of Commissioners). A resolution is required to impose a constraint and is also required to remove a constraint.
- *Assigned.* Limitations imposed on balances through intentions of either the Board of Commissioners or a body or official designated by the Board of Commissioners.
- *Unassigned.* Balances available for any purpose

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

It is also the County's policy 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.

The purpose of restricted fund balances are detailed as follows:

Fund	Purpose
Road and Bridge	Revenues in this fund come from Federal forest funds, State highway user funds, other intergovernmental revenue, some property tax revenue, and other revenues that are to be used for maintaining and improving roads and bridges within the County.
Justice	Revenues in this fund come from property taxes, charges for services, intergovernmental revenue, grants, and other revenues that are to be used for public safety services.
Solid Waste	Revenues in this fund come from special fees, charges for services, and other revenues that are to be used for sanitation and disposal of the County's solid waste. Also, funds are restricted by the EPA for the estimated remaining post-closure landfill costs.
Bond fund	Revenues in this fund come from property taxes that are to be used to pay down the 2012 C Bond Series.
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 public assistance and safety, health and welfare, maintenance and improvement of public ways and facilities, district and magistrate court activities, culture and recreation, education, and other governmental type activities.

The purpose of committed fund balances are detailed as follows:

- *Minimum fund balance.* The County maintains a prudent level of financial resources to protect against current and future risks, ensure stable tax rates, address long-term financial planning, preserve bond ratings, and to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures. The ranges set for each fund are based on the predictability of revenues, volatility of expenditures, and liquidity requirements and shall be reviewed periodically. The range set for all County funds is to be maintained at a level between 10% and 30% of actual operating revenues. The amounts determined from this calculation are considered committed fund balance.
- *Subsequent year's expenditures.* This is the amount needed to support the next year's budget when expenditures exceed revenues and taxes.
- *Cash basis.* This is calculated as the estimated fund balance needed to fund the County's operations through the first three months of the next fiscal year due to timing differences between receipt of revenues and disbursement of expenditures.

The assigned fund balance within the General fund is the amount the Clerk has estimated will be needed for capital improvements, capital replacements, disaster/emergency funds, technology initiatives, extraordinary legal costs, extraordinary professional service costs, and the long term repayment of bond debt. The remaining assigned fund balances are amounts the Clerk has estimated will be needed for

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

capital improvements or replacements in the Ambulance fund and capital improvements in the Solid Waste fund.

Assets and Liabilities

Cash and Cash Equivalents and Investments

The County's cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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 State of Idaho Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the County's cash in the LGIP is the same as the fair value of the LGIP shares.

Accounts Receivable

Accounts receivable of the governmental activities consists of property taxes, sales taxes, use taxes, state grants, federal grants, ambulance, and other miscellaneous receivables.

The allowance for doubtful accounts for the governmental activities is \$105,364 as of September 30, 2016. This allowance is derived from historical data on the collections of ambulance receivables.

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	January 1
Date tax levies are established	Third Monday of September
Date taxes are billed	November 20
Date taxes are due	One half on December 20 and half on the following June 20
Date taxes become delinquent	First day of January of the succeeding year

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 acquisition value.

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:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Infrastructure	\$ 5,000	Straight-Line	20 - 50 Years
Buildings and Improvements	\$ 5,000	Straight-Line	15 - 40 Years
Equipment	\$ 5,000	Straight-Line	5 - 15 Years

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

General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Accounts Payable

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

Personal leave compensation (vacation benefit) is calculated on an individual basis, according to an employee's total years worked and total hours worked per week.

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.

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 the 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.

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

2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County's policy is to fully collateralize deposits exceeding insurance limits with government and/or agency securities held by the pledging financial institution. However, as of September 30, 2016, \$44,898 of the County's bank balances of \$3,862,012 was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

It is the County's policy that acceptable financial instruments must have a credit rating of A or better by Standard & Poor's Corporation (S&P) or an equivalent nationally recognized statistical rating organization. However, investments may be made in the Idaho State Local Government Investment Pool without regard to the above required credit ratings.

The State Treasurer must operate and invest the funds of both pools for the benefit of the participants. They make investments in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The Pools are not registered with the Securities and Exchange Commission or any other regulatory body. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants.

At September 30, 2016 the County's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Idaho Local Government Investment Pool	\$5,275,299	\$ 0	\$ 0	\$ 0	\$5,275,299
State of Idaho Diversified Bond Fund (DBF)	2,968,291	0	0	0	2,968,291
Certificates of Deposit	450,000	450,000	0	0	0
Federal National Mortgage Association Obligations	250,562	250,562	0	0	0
	<u>\$8,944,152</u>	<u>\$700,562</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$8,243,590</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Boise County's investment policy, where possible, portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector, allows for no more than 50% in a specific issuer and in a specific class of securities. In addition GASB 40 requires disclosure of concentrations over 5% in a single issuer. As of September 30, 2016, the County had no single issuer over 5%.

Interest Rate Risk

To help manage its exposure to fair value losses from increasing interest rates, it is the County's policy to invest in financial instruments whose maturities are consistent with the needs of the County. The County's intent is to also invest locally as long as rates remain competitive.

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

2. DEPOSITS AND INVESTMENTS (continued)

As of September 30, 2016 the County's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
State of Idaho Local Government Investment Pool	\$ 5,275,299	\$ 5,275,299	\$ 0
State of Idaho Diversified Bond Fund (DBF)	2,968,291	2,968,291	0
Certificates of Deposit	450,000	0	450,000
Federal National Mortgage Association Obligations	250,562	0	250,562
	<u>\$ 8,944,152</u>	<u>\$ 8,243,590</u>	<u>\$ 700,562</u>

Fair Value of Investments

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

As of September 30, 2016, the County had the following recurring fair value:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of Deposit	\$ 450,000	\$ 0	\$ 450,000	\$ 0
Federal National Mortgage Association Obligations	250,562	0	250,562	0
State of Idaho Local Government Investment Pool	5,275,299	0	5,275,299	0
State of Idaho Diversified Bond Fund (DBF)	2,968,291	0	2,968,291	0
Total Investments Measured at Fair Value	<u>\$8,944,152</u>	<u>\$ 0</u>	<u>\$8,944,152</u>	<u>\$ 0</u>

Level 2 inputs for the investments above are valued using the market approach.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs to measure an asset's fair value.

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of the liquor apportionment of \$11,549, cigarette tax of \$3,758, highway user revenue of \$301,848, federal grant funds of \$34,098, and state revenue sharing of \$126,072 for a total of \$477,325.

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

4. 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.

5. TRANSFERS

Transfers in and out of funds at September 30, 2016 consist of the following:

\$	300,000	From the General fund to the Bond fund for bond payments.
	18,000	From the Solid Waste fund to the Road & Bridge fund for transfer of a backhoe.
	115,317	From the Tort fund to the Bond fund to utilize for future bond payments.
	<u>8,474</u>	From the General fund to the Justice fund to reimburse for expenses paid.
<u>\$</u>	<u>441,791</u>	Total

6. CAPITAL ASSETS

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

	Balance 10/1/2015	Restatement	Additions	Disposals	Balance 9/30/2016
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 195,772	\$ 130,669	\$ 0	\$ 0	\$ 326,441
Construction in Progress	<u>510,498</u>	<u>0</u>	<u>0</u>	<u>(510,498)</u>	<u>0</u>
	<u>706,270</u>	<u>130,669</u>	<u>0</u>	<u>(510,498)</u>	<u>326,441</u>
Capital Assets Being Depreciated:					
Infrastructure	0	8,226,817	2,186,288	0	10,413,105
Buildings and Improvements	2,077,971	0	8,552	(17,671)	2,068,852
Equipment	<u>6,407,196</u>	<u>36,132</u>	<u>138,396</u>	<u>(73,930)</u>	<u>6,507,794</u>
Total Historical Cost	<u>8,485,167</u>	<u>8,262,949</u>	<u>2,333,236</u>	<u>(91,601)</u>	<u>18,989,751</u>
Less: Accumulated Depreciation					
Infrastructure	0	414,129	188,677	0	602,806
Buildings and Improvements	515,212	0	42,422	(4,541)	553,093
Equipment	<u>4,697,480</u>	<u>26,671</u>	<u>351,892</u>	<u>(67,126)</u>	<u>5,008,917</u>
Total Accumulated Depreciation	<u>5,212,692</u>	<u>440,800</u>	<u>582,991</u>	<u>(71,667)</u>	<u>6,164,816</u>
Net Depreciable Assets	<u>3,272,475</u>	<u>7,822,149</u>	<u>1,750,245</u>	<u>(19,934)</u>	<u>12,824,935</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 3,978,745</u>	<u>\$ 7,952,818</u>	<u>\$ 1,750,245</u>	<u>\$ (530,432)</u>	<u>\$13,151,376</u>

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

6. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 25,074
Public Safety	173,322
Highways and Roads	346,325
Sanitation	28,337
Weed Control	6,939
Culture and Recreation	2,994
	<u>\$ 582,991</u>

7. PENSION PLAN

Plan Description

The County contributes to the Base Plan, which is a cost-sharing, multiple-employer defined benefit pension plan administered by the 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 and are 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.

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

7. PENSION PLAN (continued)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2016, 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. The County's employer contributions were \$325,813 for the year ended September 30, 2016.

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

As of September 30, 2016, the County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. As of June 30, 2016, the County's proportion was .0958466%.

For the year ended September 30, 2016, the County recognized pension expense of \$345,487. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 193,601
Changes in assumptions or other inputs	43,191	0
Net difference between projected and actual earnings on pension plan investments	945,677	441,865
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	46,215	26,139
Employer contributions subsequent to the measurement date	92,363	0
Total	<u>\$ 1,127,446</u>	<u>\$ 661,605</u>

\$92,363 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2016, is 4.9 years and 5.5 years for measurement period ended June 30, 2015.

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

7. 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:

Year Ended September 30,		
2017	\$	6,356
2018	\$	6,356
2019	\$	229,797
2020	\$	130,970

Actuarial Assumptions

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

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

Inflation	3.25%
Salary increases	4.25 - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living adjustments	1%

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2011, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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

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

7. PENSION PLAN (continued)

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 the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

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%

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

Actuarial Assumptions

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

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

7. PENSION PLAN (continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10%, 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% lower (6.10%) or 1% higher (8.10%) 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)	\$ 3,811,394	\$ 1,942,958	\$ 389,147

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.

8. 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 days and compensatory time represents a potential liability to the County.

	10/1/2015	Increase	Decrease	9/30/2016	Current
Governmental Activities	\$ 131,730	\$ 165,946	\$ (157,349)	\$ 140,327	\$ 140,327

9. LONG-TERM OBLIGATIONS

Government-wide Activities:

In December of 2010, the County lost a lawsuit related to its issuance of a Conditional Use Permit, in violation of the Federal Fair Housing Act, filed prior to September 30, 2010. The County began the repayment of this judgment in 2012 and the balance was paid off with the issuance of bonds at the beginning of fiscal year 2013.

The County leases certain equipment and property under long-term lease agreements. Certain leases have been recorded as municipal leases and others as operating leases. The municipal leases consist of:

Equipment	\$ 1,291,596
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	(495,371)
	\$ 796,225

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

9. LONG-TERM OBLIGATIONS (continued)

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

Description	Rate	Maturity	10/1/2015	Increase	Decrease	9/30/2016	Current
Lease-Cat Compactor	3.20%	2019	\$ 45,000	\$ 0	\$ (11,549)	\$ 33,451	\$ 10,824
Lease-Wheel Loader	4.40%	2016	42,505	0	(42,505)	0	0
Lease-2 Sheriff Vehicles	11.51%	2017	25,390	0	(11,985)	13,405	13,405
Lease-Sheriff Vehicle	5.47%	2017	8,250	0	(6,149)	2,101	2,101
Lease-Sheriff Vehicle	4.41%	2017	11,525	0	(7,598)	3,927	3,927
Lease-Sheriff Vehicle	3.88%	2016	8,157	0	(8,157)	0	0
Lease-Sheriff Vehicle	5.32%	2018	22,993	0	(7,265)	15,728	7,658
Lease-2 Sheriff Vehicles	4.10%	2019	80,488	0	(21,507)	58,981	22,667
Lease-2 Sheriff Vehicles	4.10%	2019	90,608	0	(24,211)	66,397	25,517
Lease-Grader	2.50%	2020	152,871	0	(36,814)	116,057	37,734
Lease-Grader	2.50%	2020	152,871	0	(36,814)	116,057	37,734
Lease-Grader	2.50%	2020	152,871	0	(36,814)	116,057	37,734
Lease-Backhoe Loader	3.20%	2020	0	79,416	0	79,416	19,014
2012 C Bond Series	1.25 - 5.00%	2019	1,610,000	0	(395,000)	1,215,000	400,000
			<u>\$2,403,529</u>	<u>\$79,416</u>	<u>\$(646,368)</u>	<u>\$1,836,577</u>	<u>\$ 618,315</u>
Unamortized Premium			<u>\$ 107,960</u>	<u>\$ 0</u>	<u>\$ (26,990)</u>	<u>\$ 80,970</u>	<u>\$ 0</u>

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

Year Ending September 30,	Municipal Leases		Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 218,315	\$ 19,417	\$ 400,000	\$ 31,575
2018	205,597	11,670	405,000	26,575
2019	176,953	4,807	410,000	20,500
2020	20,712	599	0	0
	<u>\$ 621,577</u>	<u>\$ 36,493</u>	<u>\$ 1,215,000</u>	<u>\$ 78,650</u>

10. LEASE COMMITMENTS

The County is committed to the following leases:

- The Prosecuting Attorney's building over a period of 20 years, payments of \$550 due monthly.
- Office space for the Idaho City ambulance unit of East Boise County Ambulance District, over a period of 22 years, payments of \$1,000 due annually.
- A postage meter for a period of 60 months, payments of \$149 due monthly.
- A copier for a period of 60 months, payments of \$104 due monthly.

The County also leases a building for the ambulances and another for the Sheriff's office. These leases are year-to-year and no longer require a schedule of future minimum payments. Rent expenditures for the year ended September 30, 2016, were \$12,986.

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

10. LEASE COMMITMENTS (continued)

Future minimum payments for the committed leases are as follows:

Year Ending September 30,	Amount
2017	\$ 22,755
2018	25,179
2019	25,179
2020	23,112
2021	3,424
2022-2025	4,000
	<u>\$ 103,649</u>

11. OTHER POST-EMPLOYMENT BENEFITS

The County's Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by GemPlan. GemPlan does not issue a stand-alone financial report and a financial report is not included in the report of another entity. GemPlan contracts with Blue Cross of Idaho to provide medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. The administering board of GemPlan has the authority to establish or amend benefit provisions. 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. Retirement eligibility is determined based on a minimum age of 55 with at least five years of service with an employer that participates in PERSI. Retirees are on the same medical plan as the County's active employees.

Other post-employment benefits (OPEB) have historically been funded on a pay-as-you-go basis. Under government accounting standards, plan sponsors may set up a trust and pre-fund benefits. There is no requirement to pre-fund benefits. However, if benefits are not pre-funded, a net OPEB obligation is created and will grow over time. The County has not pre-funded these benefits. The contribution requirement of plan members is established by the Board of Commissioners in conjunction with the insurance provider. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2016, were \$675 for a single person or \$1,316 with a spouse.

Post-employment benefits are determined on an actuarial basis. Actuarial valuations of these benefits were done as of October 1, 2015. The County's plan is considered unfunded, since there are no plan assets. Therefore, the actuarial accrued liability and the unfunded actuarially accrued liability are equal. The unfunded actuarially accrued liability is \$90,339 or 4.5% of covered payroll. The annual required contribution (ARC) for fiscal year 2016 is \$14,322. The ARC is made up of benefits earned in the current period and an amortized portion of the unfunded actuarially accrued liability. The expense and offsetting liability are reflected in the government-wide financial statements. The table below summarizes the OPEB costs.

Annual required contribution	\$ 14,322
Interest on net OPEB obligation	1,601
ARC adjustment with interest	(2,445)
Estimated employer contribution	<u>(2,807)</u>
Increase in net OPEB obligation	10,671
Net OPEB obligation - beginning of year	<u>45,750</u>
Net OPEB obligation - end of year	<u>\$ 56,421</u>

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

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Year Ending September 30,	Annual OPEB Cost	Estimated Contribution as a % of Annual OPEB Cost	Net OPEB Obligation
2014	\$ 10,134	8.8%	\$ 39,577
2015	\$ 9,981	21.7%	\$ 45,750
2016	\$ 13,478	20.8%	\$ 56,421

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

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

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

In the October 1, 2015, actuarial valuation the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate assuming the County will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes 30% of eligible retirees and, of that 30%, 25% of their spouses will participate in the plan; an annual healthcare cost trend rate of 7.25%, decreasing gradually over nine years until reaching an ultimate rate of 5%; and the UAAL is being amortized as a level dollar of projected payrolls over a thirty year period on a closed basis.

12. LANDFILL CLOSURE

The U.S. Environmental Protection Agency (E.P.A.), on October 9, 1991, issued "Solid Waste Disposal Facility Criteria" (40 Code of Federal Regulations (C.F.R.) parts 257 and 258, which establish closure requirements for municipal solid waste landfills accepting waste after October 9, 1991. (Municipal refers to the type of solid waste received, not the ownership of the landfill.)

Certain restrictions and requirements relating to the maintenance and monitoring of the landfill apply to municipal solid waste landfills that receive waste after April 9, 1994 (extended from the original date of October 3, 1993). These criteria are set forth in the rules issued by the E.P.A. referred to above.

The County closed the Warm Springs Ridge Landfill, effective February 13, 2009. The Central District Health Department (CDHD) and the Idaho Department of Environmental Quality (IDEQ) reviewed the

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

12. LANDFILL CLOSURE (continued)

final Closure CQA Report for the Warm Springs Ridge Landfill. The review determined that the project is in compliance with the approved closure requirements and compaction or permeability variance.

As of September 30, 2016, there is no indication of any action being taken by a Federal or State agency against the County as a result of the closure of the landfill. The County will continue to follow its approved closure plan with respect to any future activity necessary to maintain the closed landfill site.

13. PRIOR PERIOD ADJUSTMENTS

Prior to fiscal year 2016, the County totaled a Sheriff's vehicle. The asset was properly disposed from the County's fixed asset detail. However, the County was still reporting an \$11,743 lease liability on the government-wide statements as of September 30, 2016. The adjustment resulted in an increase to beginning net position of \$11,743. The change in net position in prior years should have been higher by \$11,743. This error has no effect on the fund financial statements.

Prior to fiscal year 2016, the County did not record revenue due to governmental funds from fiduciary funds when the constraints were fulfilled. This resulted in an increase to beginning net position and fund balance in the amount of \$59,665. The change in net position and fund balance in prior years is estimated it should have been higher by \$59,665.

Prior to fiscal year 2016, the County entered into an annual support contract with Century Link, a portion of which should have shown as prepaid in the Emergency Communications fund. This resulted in an increase to beginning net position and fund balance in the amount of \$11,606. The prior year change in net position and fund balance is estimated it should have been higher by \$11,606.

Prior to fiscal year 2016, the County did not transfer Title III federal revenue from trust. This resulted in an increase to beginning net position and fund balance in the amount of \$29,828. The prior year change in net position and fund balance is estimated it should have been higher by \$29,828.

Prior to fiscal year 2016, the County purchased a parcel of land for \$130,669 and four pieces of equipment that totaled \$36,132. The land and equipment was not included in the capital assets on the government-wide statements or the related accumulated depreciation of \$26,671. The adjustment resulted in an increase to beginning net position of \$140,130. The change in net position in prior years should have been higher by \$140,130. This error has no effect on the fund financial statements.

Prior to fiscal year 2016, the County had built new or improved existing bridges with the assistance of State funding administered by LHTAC. The infrastructure was not included in the capital assets on the government-wide statements. The total costs of the previous projects less accumulated depreciation amount to \$7,812,688. The adjustment resulted in an increase to beginning net position of \$7,812,688. The change in net position in prior years should have been higher by \$7,812,688. This error has no effect on the fund financial statements.

14. DEFERRED COMPENSATION PLAN

Permanent, full-time employees of the County may participate upon hire 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), administered by Nationwide Retirement Solutions.

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

14. DEFERRED COMPENSATION PLAN (continued)

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 (Nationwide Retirement Solutions). The County does not make employer contributions to this plan.

REQUIRED SUPPLEMENTARY INFORMATION

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
10/1/2009	\$ 0	\$50,708	\$ 50,708	0%	\$ 2,446,614	2.1%
10/1/2012	\$ 0	\$64,793	\$ 64,793	0%	\$ 1,869,585	3.5%
10/1/2015	\$ 0	\$90,339	\$ 90,339	0%	\$ 1,987,200	4.5%

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

	2016	2015
Employer's portion of the net pension liability	0.0958466%	0.0922923%
Employer's proportionate share of the net pension liability	\$ 1,942,958	\$ 1,215,339
Employer's covered-employee payroll	\$ 2,895,756	\$ 2,600,988
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	67.10%	46.73%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	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, the County will present information for the years the information is available.

Data reported is measured as of June 30, 2016.

Boise County, Idaho
 Schedule of Employer Contributions
 PERSI - Base Plan*
 Last 10 - Fiscal Years

	2016	2015
Statutorily required contribution	\$ 329,813	\$ 295,988
Contributions in relation to the statutorily required contribution	(329,813)	(295,988)
Contribution (deficiency) excess	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 2,895,756	\$ 2,600,988
Contributions as a percentage of covered-employee payroll	11.39%	11.38%

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

Data is reported as of September 30, 2016.

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,438,363	\$ 1,438,363	\$ 1,483,971	\$ 45,608
Intergovernmental	268,125	268,125	229,457	(38,668)
Grants and Donations	100,000	120,018	41,740	(78,278)
Charges for Services	176,400	176,400	238,980	62,580
Investment Earnings	0	0	103,449	103,449
Other	1,517	1,517	305,779	304,262
Total Revenues	1,984,405	2,004,423	2,403,376	398,953
Expenditures				
Current:				
Salaries	839,284	850,598	797,152	53,446
Benefits	361,117	362,356	313,417	48,939
Operating	1,427,706	1,411,199	680,292	730,907
Debt Service:				
Principal	8,183	8,183	8,157	26
Interest	317	317	317	0
Capital Outlay	66,500	85,246	77,914	7,332
Total Expenditures	2,703,107	2,717,899	1,877,249	840,650
Excess (Deficiency) of Revenues Over Expenditures	(718,702)	(713,476)	526,127	1,239,603
Other Financing Sources (Uses)				
Transfers In	718,728	713,470	0	(713,470)
Transfers Out	0	0	(308,474)	(308,474)
Total Other Financing Sources (Uses)	718,728	713,470	(308,474)	(1,021,944)
Net Change in Fund Balances	26	(6)	217,653	217,659
Fund Balances - Beginning, Previously	0	0	2,498,844	2,498,844
Prior Period Adjustment	0	0	85,493	85,493
Fund Balances - Beginning, Restated	0	0	2,584,337	2,584,337
Fund Balances - Ending	\$ 26	\$ (6)	\$ 2,801,990	\$ 2,801,996

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 5,081	\$ 5,081
Intergovernmental	1,060,000	1,060,000	1,193,576	133,576
Grants and Contributions	624,633	676,633	2,496,295	1,819,662
Charges for Services	5,000	5,000	28,395	23,395
Other	10,000	56,347	70,906	14,559
Total Revenues	<u>1,699,633</u>	<u>1,797,980</u>	<u>3,794,253</u>	<u>1,996,273</u>
Expenditures				
Current:				
Salaries	622,421	622,422	555,853	66,569
Benefits	254,104	254,106	223,231	30,875
Operating	621,738	720,085	657,825	62,260
Debt Service:				
Principal	158,706	158,706	164,496	(5,790)
Interest	13,670	13,670	13,670	0
Capital Outlay	200,830	286,066	1,879,416	(1,593,350)
Total Expenditures	<u>1,871,469</u>	<u>2,055,055</u>	<u>3,494,491</u>	<u>(1,439,436)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(171,836)</u>	<u>(257,075)</u>	<u>299,762</u>	<u>556,837</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	85,236	79,416	(5,820)
Sale of Assets	30,000	30,000	0	(30,000)
Transfers In	141,840	141,840	18,000	(123,840)
Total Other Financing Sources (Uses)	<u>171,840</u>	<u>257,076</u>	<u>97,416</u>	<u>(159,660)</u>
Net Change in Fund Balances	4	1	397,178	397,177
Fund Balances - Beginning	0	0	1,680,133	1,680,133
Fund Balances - Ending	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 2,077,311</u>	<u>\$ 2,077,310</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,488,004	\$ 1,488,004	\$ 1,494,570	\$ 6,566
Intergovernmental	291,579	291,579	297,169	5,590
Grants and Contributions	400,208	402,208	454,781	52,573
Charges for Services	163,997	170,538	171,163	625
Other	4,000	106,684	67,116	(39,568)
Total Revenues	<u>2,347,788</u>	<u>2,459,013</u>	<u>2,484,799</u>	<u>25,786</u>
Expenditures				
Current:				
Salaries	1,197,445	1,272,048	1,212,380	59,668
Benefits	467,729	484,153	429,263	54,890
Operating	529,599	553,072	428,988	124,084
Debt Service:				
Principal	78,715	78,715	78,715	0
Interest	16,806	16,806	16,806	0
Capital Outlay	57,479	94,380	49,635	44,745
Total Expenditures	<u>2,347,773</u>	<u>2,499,174</u>	<u>2,215,787</u>	<u>283,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15</u>	<u>(40,161)</u>	<u>269,012</u>	<u>309,173</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	34,901	0	(34,901)
Sale of Assets	0	0	20,800	20,800
Transfers In	0	5,258	8,474	3,216
Total Other Financing Sources (Uses)	<u>0</u>	<u>40,159</u>	<u>29,274</u>	<u>(10,885)</u>
Net Change in Fund Balances	<u>15</u>	<u>(2)</u>	<u>298,286</u>	<u>298,288</u>
Fund Balances - Beginning, Previously	0	0	1,408,003	1,408,003
Prior Period Adjustment	0	0	4,000	4,000
Fund Balances - Beginning, Restated	<u>0</u>	<u>0</u>	<u>1,412,003</u>	<u>1,412,003</u>
Fund Balances - Ending	<u>\$ 15</u>	<u>\$ (2)</u>	<u>\$ 1,710,289</u>	<u>\$ 1,710,291</u>

Boise County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Solid Waste
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Special Fees	\$ 640,000	\$ 640,000	\$ 658,958	\$ 18,958
Charges for Services	20,500	32,500	51,079	18,579
Other	10,000	10,000	17,845	7,845
Total Revenues	<u>670,500</u>	<u>682,500</u>	<u>727,882</u>	<u>45,382</u>
Expenditures				
Current:				
Salaries	163,405	163,406	132,722	30,684
Benefits	50,047	50,048	42,495	7,553
Operating	443,498	471,140	453,995	17,145
Capital Outlay	83,000	83,000	8,165	74,835
Total Expenditures	<u>739,950</u>	<u>767,594</u>	<u>637,377</u>	<u>130,217</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(69,450)</u>	<u>(85,094)</u>	<u>90,505</u>	<u>175,599</u>
Other Financing Sources (Uses)				
Sale of Assets	0	0	14,742	14,742
Transfers In	57,452	85,094	0	(85,094)
Transfers Out	0	0	(18,000)	(18,000)
Total Other Financing Sources (Uses)	<u>57,452</u>	<u>85,094</u>	<u>(3,258)</u>	<u>(88,352)</u>
Net Change in Fund Balances	(11,998)	0	87,247	87,247
Fund Balances - Beginning	0	0	1,124,215	1,124,215
Fund Balances - Ending	<u>\$ (11,998)</u>	<u>\$ 0</u>	<u>\$ 1,211,462</u>	<u>\$ 1,211,462</u>

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

1. OPEB TRENDS AND OTHER INFORMATION

Past, present, and future schedules may present factors that significantly affect the identification of trends in the amounts reported, such as changes in benefit provisions, the size or composition of the employee group covered by the plan, or the actuarial methods and assumptions used. Prior year amounts will not be restated. For instance since the last actuarial valuation, the number of plan participants has gone down from 74 to 72, healthcare trend rates were changed to better anticipate short-term and long-term medical increases, and the mortality table was updated from RP 2000 Combined Healthy Table projected to 2012 with Scale BB to the RP-2014 Total Dataset Mortality Tables with MP-2015 Generational Improvement Scale.

The information presented relates to the cost-sharing plan as a whole (of which the County is just a participant). For example, all GemPlan counties were combined to calculate an average annual claim amount of \$14,441. This average amount was then adjusted to reflect the County's underlying plan provisions. The plan adjustment factor was 1.12.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the County Clerk and County Commissioners prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the County Seat (Idaho City) to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of a resolution.
- 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 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. The County does not use the encumbrance method of accounting.

3. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the Road and Bridge fund in the amount of \$1,439,436. This has been noted as a compliance finding in violation of Idaho Code Section 31-1606. The violation occurred as a result of receiving a grant through LHTAC to help with the construction of the Middle Fork Bridge. The County did not recognize the corresponding revenue and expense that LHTAC paid on behalf of the County for the bridge project.

SUPPLEMENTAL INFORMATION

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

	Budget	Actual	Variance
Revenue			
Property Taxes	\$ 1,438,363	\$ 1,483,971	\$ 45,608
Intergovernmental	268,125	229,457	(38,668)
Grants and Donations	120,018	41,740	(78,278)
Charges for Services	176,400	238,980	62,580
Investment Earnings	0	103,449	103,449
Other Revenue	1,517	305,779	304,262
Other Financing Sources (Uses)			
Transfers In	713,470	0	(713,470)
Total Revenue	\$ 2,717,893	\$ 2,403,376	\$ (314,517)

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

	Budget	Actual	Variance
Clerk-Auditor:			
Salaries	\$ 200,621	\$ 192,447	\$ 8,174
Benefits	93,243	85,200	8,043
Operating	11,000	3,570	7,430
Capital Outlay	500	423	77
	<u>305,364</u>	<u>281,640</u>	<u>23,724</u>
Assessor:			
Salaries	163,041	155,330	7,711
Benefits	76,825	72,582	4,243
Operating	14,500	10,871	3,629
Capital Outlay	500	416	84
	<u>254,866</u>	<u>239,199</u>	<u>15,667</u>
Treasurer/Tax Collector:			
Salaries	97,512	96,567	945
Benefits	36,008	34,849	1,159
Operating	39,050	26,672	12,378
Capital Outlay	3,000	1,504	1,496
	<u>175,570</u>	<u>159,592</u>	<u>15,978</u>
Commissioners:			
Salaries	92,735	92,735	0
Benefits	37,255	32,619	4,636
Operating	8,600	507	8,093
Capital Outlay	500	0	500
	<u>139,090</u>	<u>125,861</u>	<u>13,229</u>
Coroner:			
Salaries	27,297	26,154	1,143
Benefits	8,485	3,698	4,787
Operating	25,812	10,812	15,000
Capital Outlay	2,000	1,836	164
	<u>63,594</u>	<u>42,500</u>	<u>21,094</u>
County Elections:			
Salaries	16,592	18,146	(1,554)
Benefits	7,763	7,673	90
Operating	35,500	32,584	2,916
	<u>59,855</u>	<u>58,403</u>	<u>1,452</u>

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

	Budget	Actual	Variance
Emergency Management:			
Salaries	39,369	36,129	3,240
Benefits	9,969	8,842	1,127
Operating	15,283	16,381	(1,098)
Capital Outlay	17,686	22,093	(4,407)
	<u>82,307</u>	<u>83,445</u>	<u>(1,138)</u>
Contingency:			
Operating	76,628	0	76,628
	<u>76,628</u>	<u>0</u>	<u>76,628</u>
Data Processing:			
Operating	185,163	159,192	25,971
Capital Outlay	30,000	29,676	324
	<u>215,163</u>	<u>188,868</u>	<u>26,295</u>
CDH and Community Projects:			
Operating	26,000	21,600	4,400
	<u>26,000</u>	<u>21,600</u>	<u>4,400</u>
General Operations:			
Salaries	84,597	66,804	17,793
Benefits	43,533	27,745	15,788
Operating	105,635	85,619	20,016
Capital Outlay	5,560	721	4,839
	<u>239,325</u>	<u>180,889</u>	<u>58,436</u>
Planning and Zoning:			
Salaries	128,834	112,840	15,994
Benefits	49,275	40,209	9,066
Debt Service	8,500	8,474	26
Operating	34,245	25,537	8,708
Capital Outlay	500	421	79
	<u>221,354</u>	<u>187,481</u>	<u>33,873</u>
Title III Red Zone/WUI:			
Operating	100,000	4,271	95,729
	<u>100,000</u>	<u>4,271</u>	<u>95,729</u>
Extraordinary Legal/Homicide:			
Operating	733,783	282,676	451,107
	<u>733,783</u>	<u>282,676</u>	<u>451,107</u>
Capital Project	25,000	20,824	4,176
	<u>25,000</u>	<u>20,824</u>	<u>4,176</u>
Total Expenditures	<u>\$ 2,717,899</u>	<u>\$ 1,877,249</u>	<u>\$ 840,650</u>

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

	East Boise County		Health		
	Ambulance	District Court	Court Facilities	Preventative	Indigent
Assets					
Cash and Cash Equivalents	\$ 555,533	\$ 583,313	\$ 204,156	\$ 20,140	\$ 294,684
Receivables, Net:					
Taxes	7,458	22,960	0	3,167	7,352
Due from Other Governments	1,736	5,138	0	0	7,771
Accounts	55,719	0	0	0	0
Prepaid Items	0	0	0	0	0
Total Assets	<u>620,446</u>	<u>611,411</u>	<u>204,156</u>	<u>23,307</u>	<u>309,807</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 620,446</u>	<u>\$ 611,411</u>	<u>\$ 204,156</u>	<u>\$ 23,307</u>	<u>\$ 309,807</u>
Liabilities					
Accounts Payable	\$ 38	\$ 0	\$ 0	\$ 0	\$ 0
Salaries and Benefits Payable	3,933	6,878	0	0	1,232
Total Liabilities	<u>3,971</u>	<u>6,878</u>	<u>0</u>	<u>0</u>	<u>1,232</u>
Deferred Inflows					
Unavailable Property Taxes	<u>6,454</u>	<u>20,279</u>	<u>0</u>	<u>2,794</u>	<u>31,444</u>
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	444,804	492,309	129,156	20,513	277,131
Committed	140,217	91,945	75,000	0	0
Assigned	25,000	0	0	0	0
Total Fund Balances	<u>610,021</u>	<u>584,254</u>	<u>204,156</u>	<u>20,513</u>	<u>277,131</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 620,446</u>	<u>\$ 611,411</u>	<u>\$ 204,156</u>	<u>\$ 23,307</u>	<u>\$ 309,807</u>

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

	Junior College Tuition	Revaluation	Tort	Weeds	Emergency Communi- cations 911
Assets					
Cash and Cash Equivalents	\$ 156,033	\$ 327,173	\$ 409,298	\$ 239,156	\$ 100,254
Receivables, Net:					
Taxes	0	23,221	34,273	0	0
Due from Other Governments	5,775	3,345	0	0	8,654
Accounts	0	0	0	0	0
Prepaid Items	0	0	0	0	12,913
Total Assets	<u>161,808</u>	<u>353,739</u>	<u>443,571</u>	<u>239,156</u>	<u>121,821</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 161,808</u>	<u>\$ 353,739</u>	<u>\$ 443,571</u>	<u>\$ 239,156</u>	<u>\$ 121,821</u>
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Salaries and Benefits Payable	0	7,526	0	6,016	0
Total Liabilities	<u>0</u>	<u>7,526</u>	<u>0</u>	<u>6,016</u>	<u>0</u>
Deferred Inflows					
Unavailable Property Taxes	<u>0</u>	<u>20,493</u>	<u>30,246</u>	<u>13</u>	<u>0</u>
Fund Balances					
Nonspendable	0	0	0	0	12,913
Restricted	157,222	325,720	413,325	204,758	94,939
Committed	4,586	0	0	28,369	13,969
Assigned	0	0	0	0	0
Total Fund Balances	<u>161,808</u>	<u>325,720</u>	<u>413,325</u>	<u>233,127</u>	<u>121,821</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 161,808</u>	<u>\$ 353,739</u>	<u>\$ 443,571</u>	<u>\$ 239,156</u>	<u>\$ 121,821</u>

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

	Snowmobile IC8-A	Snowmobile GV8-B	Sheriff's Vessel	Total
Assets				
Cash and Cash Equivalents	\$ 23,839	\$ 14,180	\$ 96,046	\$ 3,023,805
Receivables, Net:				
Taxes	0	0	0	98,431
Due from Other Governments	0	0	0	32,419
Accounts	0	0	0	55,719
Prepaid Items	0	0	0	12,913
Total Assets	<u>23,839</u>	<u>14,180</u>	<u>96,046</u>	<u>3,223,287</u>
Deferred Outflows				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 23,839</u>	<u>\$ 14,180</u>	<u>\$ 96,046</u>	<u>\$ 3,223,287</u>
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 145	\$ 183
Salaries and Benefits Payable	0	0	542	26,127
Total Liabilities	<u>0</u>	<u>0</u>	<u>687</u>	<u>26,310</u>
Deferred Inflows				
Unavailable Property Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,723</u>
Fund Balances				
Nonspendable	0	0	0	12,913
Restricted	15,886	10,517	88,535	2,674,815
Committed	7,953	3,663	6,824	372,526
Assigned	0	0	0	25,000
Total Fund Balances	<u>23,839</u>	<u>14,180</u>	<u>95,359</u>	<u>3,085,254</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 23,839</u>	<u>\$ 14,180</u>	<u>\$ 96,046</u>	<u>\$ 3,223,287</u>

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

	East Boise County Ambulance	District Court	Court Facilities	Health Preventative	Indigent
Revenues					
Property Taxes	\$ 116,453	\$ 293,337	\$ 0	\$ 38,034	\$ 53,228
Intergovernmental	7,199	31,245	0	0	7,771
Grants and Donations	64,615	45,249	0	0	0
Charges for Services	82,086	74,866	0	0	0
Other	18,520	30,450	0	8,645	32,783
Total Revenues	<u>288,873</u>	<u>475,147</u>	<u>0</u>	<u>46,679</u>	<u>93,782</u>
Expenditures					
Current:					
Salaries	82,741	187,985	0	0	14,724
Benefits	31,702	86,297	0	0	7,142
Operating	64,365	89,022	0	35,108	59,307
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital Outlay	887	1,312	7,324	0	0
Total Expenditures	<u>179,695</u>	<u>364,616</u>	<u>7,324</u>	<u>35,108</u>	<u>81,173</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>109,178</u>	<u>110,531</u>	<u>(7,324)</u>	<u>11,571</u>	<u>12,609</u>
Other Financing Sources (Uses)					
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>109,178</u>	<u>110,531</u>	<u>(7,324)</u>	<u>11,571</u>	<u>12,609</u>
Fund Balances - Beginning, Previously	500,843	473,723	211,480	8,942	264,522
Prior Period Adjustment	0	0	0	0	0
Fund Balances - Beginning, Restated	<u>500,843</u>	<u>473,723</u>	<u>211,480</u>	<u>8,942</u>	<u>264,522</u>
Fund Balances - Ending	<u>\$ 610,021</u>	<u>\$ 584,254</u>	<u>\$ 204,156</u>	<u>\$ 20,513</u>	<u>\$ 277,131</u>

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

	Junior College Tuition	Revaluation	Tort	Weeds	Emergency Communica- tions 911
Revenues					
Property Taxes	\$ 0	\$ 293,995	\$ 433,756	\$ 10	\$ 0
Intergovernmental	28,086	10,330	0	0	8,654
Grants and Donations	0	0	0	54,169	7,705
Charges for Services	0	0	0	60,922	91,237
Other	4,300	1	0	4,728	0
Total Revenues	32,386	304,326	433,756	119,829	107,596
Expenditures					
Current:					
Salaries	0	160,250	0	49,825	0
Benefits	0	72,128	0	21,214	0
Operating	31,420	11,260	283,367	51,046	110,176
Capital Outlay	0	0	0	0	0
Total Expenditures	31,420	243,638	283,367	122,085	110,176
Excess (Deficiency) of Revenues Over Expenditures	966	60,688	150,389	(2,256)	(2,580)
Other Financing Sources (Uses)					
Transfers Out	0	0	(115,317)	0	0
Total Other Financing Sources (Uses)	0	0	(115,317)	0	0
Net Change in Fund Balances	966	60,688	35,072	(2,256)	(2,580)
Fund Balances - Beginning, Previously	160,842	265,032	378,253	235,383	112,795
Prior Period Adjustment	0	0	0	0	11,606
Fund Balances - Beginning, Restated	160,842	265,032	378,253	235,383	124,401
Fund Balances - Ending	\$ 161,808	\$ 325,720	\$ 413,325	\$ 233,127	\$ 121,821

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

	Snowmobile IC8-A	Snowmobile GV8-B	Sheriff's Vessel	Total
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 1,228,813
Intergovernmental	0	0	0	93,285
Grants and Donations	0	0	8,007	179,745
Charges for Services	0	0	46,341	355,452
Other	18,524	12,410	243	130,604
Total Revenues	18,524	12,410	54,591	1,987,899
Expenditures				
Current:				
Salaries	9,674	2,835	13,982	522,016
Benefits	784	230	1,211	220,708
Operating	10,265	12,623	10,939	768,898
Capital Outlay	0	0	0	9,523
Total Expenditures	20,723	15,688	26,132	1,521,145
Excess (Deficiency) of Revenues Over Expenditures	(2,199)	(3,278)	28,459	466,754
Other Financing Sources (Uses)				
Transfers Out	0	0	0	(115,317)
Total Other Financing Sources (Uses)	0	0	0	(115,317)
Net Change in Fund Balances	(2,199)	(3,278)	28,459	351,437
Fund Balances - Beginning, Previously	26,038	17,458	66,900	2,722,211
Prior Period Adjustment	0	0	0	11,606
Fund Balances - Beginning, Restated	26,038	17,458	66,900	2,733,817
Fund Balances - Ending	\$ 23,839	\$ 14,180	\$ 95,359	\$ 3,085,254

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Schools and Roads - Grants to Counties (Direct)	10.666	N/A	<u>\$ 731,493</u>
<u>U.S. Department of Interior</u>			
Payment in Lieu of Taxes (Direct)	15.226	N/A	<u>476,417</u>
<u>U.S. Department of Justice</u>			
Passed through State Department of Juvenile Corrections: Juvenile Justice and Delinquency Prevention	16.540	2012JFFX0022	674
Passed through State Department of Idaho State Police: Violence Against Women Formula Grant (Recovery)	16.588	2012-WF-AX-0057, 2014-WF-AX-0050	37,173
Total U.S. Department of Justice			<u>37,847</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation: Highway Planning and Construction	20.205	A012(539)	<u>1,904</u>
State and Community Highway Safety	20.600	AL-2015-01-00-00, OP-2015-01-00-00, PT-2015-01-00-00, DD-2016-00-00-00	13,333
National Priority Safety Programs	20.616	M5HVE-2015-01-00-00, M2HVE-2016-00-00-00, M5HVE-2016-00-00-00	14,555
<i>Highway Safety Cluster Total</i>			<u>27,888</u>
Total U.S. Department of Transportation			<u>29,792</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Health and Welfare: National Bioterrorism Hospital Preparedness	93.889	ASPR XIII	2,833
Passed through Secretary of State: Voting Access for Individuals with Disabilities	93.618	HHS-2016-ACL-AIDD-DH-0095	<u>1,001</u>
Total U.S. Department of Health and Human Services			<u>3,834</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Department of Military Division: Emergency Management Performance	97.042	EMW2014EP00058, EMW2015EP00058	18,338
Homeland Security Grant	97.067	EMW2014SS00084	9,900
Homeland Security Noncash	97.067	EMW2014SS00084	5,398
Passed through State Department of Parks and Recreation: Boating Safety Financial Assistance	97.012	14.01.16	<u>8,007</u>
Total U.S. Department of Homeland Security			<u>41,643</u>
Total Expenditures of Federal Awards			<u>\$ 1,321,026</u>

See Notes to Schedule of Expenditures of Federal Awards

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

1. BASIS OF PRESENTATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. DE MINIMIS INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

FEDERAL REPORTS

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

To the Board of Commissioners
Boise County, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho** as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2016-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-002.

The County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bailey & Co.

Nampa, Idaho
March 17, 2017

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Commissioners
Boise County, Idaho

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance. Which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of noncompliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Bailey & Co.

Nampa, Idaho
March 17, 2017

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed? yes 2016-001
Material weakness(es) disclosed? yes none reported
Noncompliance material to financial statements
noted? yes 2016-002

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 section 2 CFR
200.516(a) yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
10.666	Schools and Roads - Grants to Counties

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

2016-001: Capital Asset Reporting

Criteria:

In order to accurately report capital assets, controls must be in place that allow for timely and accurate identification of asset purchases and disposals.

Condition:

During our audit we noted the following errors in the tracking of capital assets:

- Not all capital assets were being recorded when purchased.
- Asset costs were changed due to refinancing and/or transfer of assets between funds.

Cause:

Employees whose duties include tracking capital assets do not have a clear understanding of reporting requirements under U.S. GAAP.

Other Information:

This audit finding has been a systemic problem for the County and is a repeat of finding 2015-001 in the September 30, 2015 audited financial statements.

Recommendations:

We recommend the County attend or hold a training seminar to further educate employees on the various aspects of capital asset reporting.

View of Responsible Officials and Planned Corrective Actions:

The County agrees with the finding and recommended procedures may be implemented or an alternative plan will be implemented.

2016-002: Budget Compliance

Criteria:

Idaho Code Section 31-1606 requires that actual expenditures not exceed appropriations.

Condition:

During our audit we noted expenditures did exceed appropriations in the Road and Bridge fund.

Cause:

The County was awarded a grant through LHTAC to help with the construction of the Middle Fork Bridge. The County did not recognize the corresponding revenue and expense that LHTAC paid on behalf of the County for the bridge project.

Other Information:

This audit finding has been a systemic problem for the County and, is comparable to finding 2015-001 in the September 30, 2015 audited financial statements.

Recommendations:

The County should implement required lines of communication regarding grant awards and financing arrangements to ensure the proper individuals are informed of the financial impact of such transactions. The County should hold trainings to educate other employees as to what types of transactions will effect the accounting records and budget to actual information.

View of Responsible Officials and Planned Corrective Actions:

The County agrees with the finding and recommended procedures may be implemented or an alternative plan will be implemented.

Section III - Federal Awards Findings and Questioned Costs

None reported.

Boise County, Idaho
Summary Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2016

2015-001: Capital Asset Reporting

Employees whose duties include tracking capital assets do not have a clear understanding of reporting requirements under U.S. GAAP, and the County did not implement an adequate policy to review the capital asset detail for accuracy.

2015-002: Budget Compliance

Employees whose responsibilities include applying for capital improvements and/or purchases do not have a clear understanding of reporting requirements under U.S. GAAP, and the County did not implement an adequate policy to review significant transactions for possible effects to the financial statements.

Boise County, Idaho
Corrective Action Plan
For the Year Ended September 30, 2016

2016-001: Capital Asset Reporting

Boise County agrees with the finding and the recommendation. Additionally, Boise County is looking into the licensing of a fixed asset maintenance program owned by the valuation services provider appointed by our insurance company. The Boise County Board of County Commissioners are currently considering a proposal for the valuation and tagging of all County assets with a value of \$500 to \$350,000. If accepted, the work product of the valuation service will be reviewed with individual departments to ensure accuracy, confirm operational necessity of the assets, and educate the department heads as to the importance of accurate fixed asset records. The County's liability insurance provider has contracted with the valuation service provider to identify and appraise all assets with current values greater than \$350,000. This work is scheduled to be performed in fiscal year 2017.

The Boise County Board of County Commissioners anticipates developing, approving and implementing a county wide policy that would require accountability of fixed asset accuracy for each and every department of the County. The recommendation of Bailey & Co. will be taken into consideration during the improvement process.

2016-002: Budget Compliance

Boise County agrees with the finding. The Board is looking into processes to improve inter department communication and training involving asset recognition and what costs are associated with improvement contracts that are administered by outside agencies.

The Boise County Board of County Commissioners will work towards establishing a county wide policy that will identify the long term outcome of contracts and agreements that come before the Board. The Board will also work toward identifying educational opportunities for the County department heads to facilitate a better understanding of the long term impact of contract commitments. This is anticipated to take place during fiscal year 2017.

For questions regarding these plans, please contact the County Clerk at (208) 392-4431.