

Attachment 1:

**IDAHO DAIRY PRODUCTS COMMISSION**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**IDAHO DAIRY PRODUCTS COMMISSION**  
Table of Contents

---

	<b><u>PAGE (S)</u></b>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	3-9
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Financial Statements.....	13-22
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Employer's Share of Net Pension Liability.....	23
Schedule of Employer Contributions.....	24
<b><u>OTHER REPORTS</u></b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ...	25-26

**FINANCIAL SECTION**

Audits  
Taxes  
Special Services



11501 Highway 95  
Payette, Idaho 83661  
www.qcpas.com  
info@qcpas.com  
P: 208-642-1417  
F: 208-642-1582

---

## Independent Auditor's Report

Board of Directors  
Idaho Dairy Products Commission

### Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of the Idaho Dairy Products Commission (the Commission) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission'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 of 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 major fund the Commission as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows 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 management's discussion and analysis, schedule of employer's share of net pension liability, and schedule of employer contributions information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Commission's internal control over financial reporting and compliance.

***Quest CPAs, P.C.***

Payette, Idaho  
February 28, 2017

## IDAHO DAIRY PRODUCTS COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2016

---

The following discussion and analysis, authored by the CEO of the Idaho Dairy Products Commission (the Commission), reviews the financial performance of the Commission and provides an overview of the Commission's financial activities for the year ended December 31, 2016.

### **Financial and Nonfinancial Highlights**

The Idaho Dairy Products Commission's vision states that: We will contribute to the long-term economic success of the Idaho dairy industry.

Our mission is to increase demand and inspire trust in dairy products and dairy farming through innovation, leadership and collaboration.

At our core, we believe in and are committed to a set of values intrinsic in everything we do. They are: integrity, innovation, relevancy, commitment, service, optimism and the impact of our legacy. Every employee and every Board Member is expected to uphold these values.

We maintain three guiding philosophies that drive our actions:

- We are a committed partner in the national checkoff system.
- We will maximize the value of the farmer's checkoff investment.
- We will achieve excellence in leadership and excellence in execution.

Finally, our four strategic areas of focus include:

- Domestic and Global Dairy Access.
- The Future of Dairy.
- The Role of Dairy in a Sustainable Lifestyle.
- Stewardship (including stewardship on the farm and stewardship of the checkoff investment for the long-term).

For the Idaho Dairy Products Commission, 2015 was our year to implement change, as we committed during the vision presentation at the Annual Meeting of Investors in November 2013. While stewardship was and always will be top-of-mind, in 2015, we really reigned in some of the more entitled programs we had been funding. Our focus on inspiring trust in dairy farming and dairy products and our mission to build demand for dairy products around the world remained paramount in 2015 as we selected the specialized and committed partners with whom we would work going forward.

Our direction is very much aligned with Dairy Management, Inc. (DMI), our national checkoff partner. Our strategy leverages partnerships to return value to our farmers for their investment. Further, like the DMI strategy, our people are our programs. That trend is expected to continue, as we rely more heavily on being an influential source of information and a convener.

As stated in our guiding principles above, the Idaho Dairy Products Commission continues to remain committed to the national Unified Marketing Plan (UMP), coordinated by Dairy

## IDAHO DAIRY PRODUCTS COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2016

---

Management, Incorporated (DMI). Additionally, we are working more closely with national partners like the US Dairy Export Council (USDEC) to reflect the needs of Idaho's unique dairy industry, which is heavily reliant on global exports. Work we're doing with other States and Regions highlights the strong collaboration that exists among the United Dairy Industry Association (UDIA) members. These cooperative efforts are the way of the future in terms of inspiring trust in dairy farming and dairy foods and building demand for dairy products around the world.

### **Highlight: Youth Wellness**

For the dairy industry, youth wellness has long been at the center of our achievements. The National Dairy Council, which recently celebrated its 100 year anniversary, along with its state and regional counterparts, is THE source for credible nutrition information. As a collective team, the dairy checkoff program has packaged dairy food and nutrition research, as well as partnerships we have with the National Football League (NFL) and our high-energy presence in schools to educate and excite students about health, nutrition and physical activity.

The Idaho Dairy Products Commission has strong and positive relationships with schools across the state to ensure that dairy's nutrition equities are protected and promoted. The same is true of our partnerships with health professionals, coaches, athletic directors and other decision makers who influence the nutrition choices in our communities.

Like in America, food plays a critical role among the populations around the world. In emerging economies, food is even more important because we see increasing buying power, a new focus on health and wellness and the introduction of new disease states as a result of eating practices. Dairy proteins can vastly improve nutrition around the world by introducing a natural source that's easily accessible.

Here in the United States, milk remains the only food mandated for school lunch service, resulting in reaching 55 million children every school day. Yet, competing products are demanding this incredible opportunity. There is growing support for plant-based and trend diets, and growing concern about certain nutrients (added sugars, sodium, fat, saturated fat) in school feeding programs. These trends continue to place flavored milk under increasing scrutiny. Nutrition programs in schools are chronically underfunded, and under-supported, putting dairy products at further risk. In sum, the dairy industry has a unique opportunity to protect and promote its place in schools here in the US.

*Nutrition Education Curriculum:* Idaho's dairy farm families have a legacy of providing, at no cost, nutrition education curriculum to classrooms and health professionals across the state. The dairy industry is proud to be a reputable source of information for our partners and we continue to provide the most timely, accurate health and nutrition information to those who can benefit the most. Our material, based on USDA Dietary Guidelines, is often the most accessible nutrition material available. We pride ourselves on our role as nutrition educator and advisor to schools, health and nutrition professionals and care providers throughout the state.

## IDAHO DAIRY PRODUCTS COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2016

---

*Fuel Up to Play 60:* We will continue to showcase the role that food, and related physical activity, plays in America's health and well-being. Our partnership with the National Football League (NFL) and our Fuel Up to Play 60 (FUTP60) program are gaining traction with k-12 school leaders around the state and we are increasing the attention given to the correlation between student health and academic success.

As a youth empowerment initiative, FUTP60 encourages youth to take action to improve nutrition and physical activity at school. The ultimate goal is to ensure children have more opportunities to be physically active and to choose nutrient-rich dairy foods, fruits, vegetables and whole grains. The school system is among the most effective avenues to impact a young person's diet, as more than 60 percent of students' daily food intake is consumed at schools. FUTP60 is designed to help students meet the nutrition and physical activity recommendations of the 2010 Dietary Guidelines for Americans.

Fuel Up to Play 60 is now the leading in-school health and wellness program across the country, with more than 73,000 schools participating nationwide. The program encourages students to consume more nutrient-rich foods and achieve 60 minutes of physical activity daily. The Commission makes \$4,000 per year, per Idaho school, available to those who choose to participate in the National School Lunch and National School Breakfast program. In 2014, through our FUTP60 program, we approved 48 funding requests from schools throughout Idaho for a total of more than \$130,000.

More information can be found at [www.idahodairy.com](http://www.idahodairy.com).

*Dairy Does Good Grants:* Our *Dairy Does Good Grants* provide schools and school districts the opportunity to apply for equipment, funding, product and other resources that furthers the ability for school staff to easily serve nutritious food to students of all ages. All of these programs are surrounded by robust promotional plans for awareness. Our grants include:

- Refuel with Chocolate Milk Grants: Emerging research suggests that drinking milk can be an effective way to help the body refuel and recover after exercise. This grant provides student athletes, during their season, with chocolate milk. Coaches are provided education materials to share with the athletes and offered an insulated cooler to transport and store the milk, if needed.
- ISAT/SBAC Grants provide a string cheese for each child every day of ISAT/SBAC testing. Research shows students who eat breakfast perform better on tests and have improved memory and concentration.
- Foodservice Strategies offer school foodservice a choice of equipment to increase meal participation. Items change every 2 months on a calendar system.
- Exploring Dairy in the Classroom Grants provide Idaho educators the opportunity to receive reimbursement for purchased dairy product to enhance a nutrition lesson taught to



## IDAHO DAIRY PRODUCTS COMMISSION

Management's Discussion and Analysis  
Year Ended December 31, 2016

---

preschool-12<sup>th</sup> grade students. The goal of the program is to provide a nutrient-rich dairy product for students to enjoy while learning about nutrition.

### **Highlight: Consumer Confidence and Producer Relations**

The Idaho Dairy Products Commission is in the business of increasing demand and, as importantly, inspiring trust. To that end, we work hard every day, on behalf of Idaho's dairy farm families, to build consumer trust in dairy farming, dairy products and their nutritional benefits. We are increasingly telling the economic, personal, nutritional and sustainable stories of dairy through video and digital/ social channels to reach broader audiences in real time.

Our Consumer Confidence efforts are also extending to our partnerships. For example, we used National Pizza Month to deliver pizzas to Treasure Valley residents accompanied by a cow and a dairy farm family. This opportunity afforded us a chance to connect unsuspecting pizza consumers with some of the people who help make their food. The initiative was so unique we even saw national media coverage of it.

We are focused on increasing our level of engagement with farmers through on-farm dairy tours, guest-farmer blogs on our website and communication with farmers about the value of their checkoff investment. Our Ambassador program relaunched with a new, exciting path of leadership development for dairy farmers. Those who participate are expected to be tomorrow's leaders for our industry. Our farmers have seen the value of engaging with the public, media and influencers and they are regularly opening their farms for visits to showcase their businesses.

### **Highlight: Business Development and Processor Relations**

In 2015, we co-hosted, with USDEC, an International Cheese Innovation Forum in Boise. The event brought hundreds of researchers, product developers and buyers from all over the world to learn more about cheese innovation in the United States. Idaho received its fair share of attention by not only hosting the summit, but by offering dairy tours and showcasing some of our own processor innovations.

Additionally, we participated in export opportunities during the year. These provide an avenue for our processors to meet with existing and potential customers and showcase the value of the global economy to our farmers.

### **Using This Annual Report**

The Commission is a self-governing agency of the State of Idaho and receives no Idaho General Fund appropriations. Except for minor amounts from interest and miscellaneous receipts, the Commission is funded by a mandatory assessment of \$.10 (ten-cents), per hundredweight, of milk produced by Idaho dairy farmers. The assessment is collected monthly from the companies that process the milk. The Commission uses these proceeds to increase worldwide demand for Idaho

## IDAHO DAIRY PRODUCTS COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2016

---

and US dairy products by conducting integrated marketing programs, promotion, advertising, public relations, nutrition education and supporting relevant research.

### **Overview of the Basic Financial Statements**

The financial statements included in the annual report are presented as a single proprietary (enterprise) fund similar to for-profit enterprise operations. They consist of a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. These statements include all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Commission, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the Commission's net position, the changes in net position and the changes in the cash balance. You can think of the Commission's net position, which is assets plus deferred outflows of resources less liabilities less deferred inflows of resources, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as the demand for dairy products, the health of the dairy industry and the overall economy, to assess the overall health of the Commission. As an overview, from 2015 to 2016, assessment revenue from milk production increased \$552,854, operating expenses increased by \$516,972, and net nonoperating expenses increased by \$90,472, resulting in an increase in net position of \$1,335,286 for 2016.

**IDAHO DAIRY PRODUCTS COMMISSION**

Management's Discussion and Analysis

Year Ended December 31, 2016

**Condensed Financial Information**

*Statement of Net Position*

	<u>2016</u>	<u>2015</u>
<b>Assets &amp; Deferred Outflows of Resources</b>		
Current & Other Assets	\$13,000,395	\$11,344,242
Capital Assets	2,039,789	2,061,261
<b>Total Assets</b>	<u>15,040,184</u>	<u>13,405,503</u>
Deferred Outflows of Resources	283,422	164,473
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<u><u>15,323,606</u></u>	<u><u>13,569,976</u></u>
<b>Liabilities &amp; Deferred Inflows of Resources</b>		
Current & Other Liabilities	640,386	385,857
Noncurrent Liabilities	503,165	306,329
<b>Total Liabilities</b>	<u>1,143,551</u>	<u>692,186</u>
Deferred Inflows of Resources	164,566	197,587
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<u><u>1,308,117</u></u>	<u><u>889,773</u></u>
<b>Net Position</b>		
Net Investment in Capital Assets	2,039,789	2,061,261
Unrestricted	11,975,700	10,618,942
<b>Total Net Position</b>	<u><u>\$14,015,489</u></u>	<u><u>\$12,680,203</u></u>
 <i>Changes in Net Position</i>		
<b>Revenues</b>		
<b>Operating Revenues</b>		
Assessment Revenue	\$14,633,282	\$14,080,428
<b>Nonoperating Revenues (Expenses)</b>		
Other Revenues (Expenses)	(85,532)	4,940
<b>Total Revenues &amp; Nonoperating Revenues (Expenses)</b>	<u>14,547,750</u>	<u>14,085,368</u>
<b>Expenses</b>		
Operating Expenses	13,212,464	12,695,492
<b>Total Expenses</b>	<u>13,212,464</u>	<u>12,695,492</u>
Income (Loss) before Transfers	1,335,286	1,389,876
Net Transfers	0	0
Change in Net Position	1,335,286	1,389,876
Net Position - Beginning - As Previously Stated	12,680,203	11,584,700
Restatement		(294,373)
Net Position - Beginning - As Restated	<u>12,680,203</u>	<u>11,290,327</u>
Net Position - Ending	<u><u>\$14,015,489</u></u>	<u><u>\$12,680,203</u></u>

## **IDAHO DAIRY PRODUCTS COMMISSION**

Management's Discussion and Analysis

Year Ended December 31, 2016

---

### **Operations**

The Commission had an increase in net position of \$1,335,286 during 2016. That compares to an increase of \$1,389,876 in 2015.

In 2016, Idaho's dairy farmers produced 14,634,075,590 pounds of milk, which reflects a 3.962% over 2015 production. Price, weather, demand, continued innovation and cow comfort are all factors in the level of production of milk.

### **Capital Assets**

The Commission, per vote of the Board of Directors, purchased one vehicle in 2016 as part of our fleet maintenance. The vehicles are primarily used by the Commission's staff members for various meetings and events throughout the fiscal year. The Commission operates debt free.

### **Economic Factors and Next Year's Budget**

The Commission's activities are driven exclusively by milk production in the state, and all expense budget items are directly dependent on the annual milk production mandatory checkoff assessment. The Commission intends to use the surplus of \$1,335,286 from 2016 to fund a 2017 expense budget of \$15,552,131.

For 2017 and beyond, the Idaho Dairy Products Commission Board of Directors, at staff recommendation, voted to plan our budgets based on a three year production average, instead of a one-year snapshot. That provides some protection in the event of a low-production year, for our planning purposes. Therefore, the 2017 budget will be based on the average total production of 2013, 2014 and 2015.

### **Contacting the Commission's Management**

This financial report is designed to provide our farmers, citizens and taxpayers with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Commission at:

Karianne Fallow, CEO  
743 No. Touchmark Ave.  
Meridian, ID 83642  
208/327-7050  
kfallow@udidaho.org

**BASIC FINANCIAL STATEMENTS**

# IDAHO DAIRY PRODUCTS COMMISSION

## Statement of Net Position

December 31, 2016

### Assets

#### Current Assets

Cash	\$3,849,712
Investments	4,089,342
Assessments Receivable	1,334,777
Promotional Supplies	246,095
<b>Total Current Assets</b>	<b>9,519,926</b>

#### Noncurrent Assets

Investments	3,480,469
Nondepreciable Capital Assets	515,974
Depreciable Net Capital Assets	1,523,815
<b>Total Noncurrent Assets</b>	<b>5,520,258</b>

#### **Total Assets**

**15,040,184**

### Deferred Outflows of Resources

Pension Sources	283,422
-----------------	---------

#### **Total Deferred Outflows of Resources**

**283,422**

#### **Total Assets and Deferred Outflows of Resources**

**\$15,323,606**

### Liabilities

#### Current Liabilities

Accounts Payable	\$525,354
Accrued Payroll Liabilities	52,067
Accrued Compensated Absences	62,965
<b>Total Current Liabilities</b>	<b>640,386</b>

#### Noncurrent Liabilities

Net Pension Liability	503,165
<b>Total Noncurrent Liabilities</b>	<b>503,165</b>

#### **Total Liabilities**

**1,143,551**

### Deferred Inflows of Resources

Pension Sources	164,566
-----------------	---------

#### **Total Deferred Inflows of Resources**

**164,566**

#### **Total Liabilities and Deferred Inflows of Resources**

**1,308,117**

### Net Position

Net Investment in Capital Assets	2,039,789
Unrestricted	11,975,700

#### **Total Net Position**

**14,015,489**

#### **Total Liabilities and Deferred Inflows of Resources and Net Position**

**\$15,323,606**

**IDAHO DAIRY PRODUCTS COMMISSION**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended December 31, 2016

<b>Operating Revenues</b>	
Assessment Revenue	\$14,633,282
<b>Total Operating Revenues</b>	<u>14,633,282</u>
<b>Operating Expenses</b>	
Salaries & Benefits	1,179,339
Travel	177,794
Services	388,425
Communications	70,855
Rentals	21,372
Office Supplies & Equipment	46,413
Maintenance & Repairs	6,663
Miscellaneous Operating Expenses	2,598
Building Operations	35,927
Depreciation	84,429
UDIA Dues	125,000
UDIA Member Agreement	3,658,519
UMP Supplemental Research	649,000
UMP Taco Bell	200,000
UMP McDonalds	1,900,000
Integrated Comm	1,815,040
Business Development	1,048,888
IR/Research	208,999
Fuel Up To Play 60	1,329,143
Health & Wellness	264,060
<b>Total Operating Expenses</b>	<u>13,212,464</u>
<b>Operating Income (Loss)</b>	1,420,818
<b>Nonoperating Revenues (Expenses)</b>	
Investment Return	19,263
Reimbursements & Miscellaneous	825
Assessment Penalties	25
Pension Revenue (Expense)	(105,645)
<b>Total Nonoperating Revenue (Expenses)</b>	<u>(85,532)</u>
<b>Income (Loss) Before Transfers</b>	1,335,286
Assessment Revenue Collected for IDA - See Note A	1,464,185
Assessment Revenue Remitted to IDA - See Note A	<u>(1,464,185)</u>
<b>Change in Net Position</b>	1,335,286
<b>Net Position - Beginning</b>	<u>12,680,203</u>
<b>Net Position - Ending</b>	<u><u>\$14,015,489</u></u>

See Accompanying Notes

# IDAHO DAIRY PRODUCTS COMMISSION

## Statement of Cash Flows

Year Ended December 31, 2016

<b>Cash Flows From Operations</b>	
Receipts from Assessments	\$14,680,282
Payments for Salaries & Benefits	(1,210,106)
Payments for Goods & Services	(11,757,630)
<b>Cash Provided (Used) By Operations</b>	<u>1,712,546</u>
<b>Cash Flows From Noncapital Financing</b>	
Receipts from Nonoperating Sources	825
<b>Cash Provided (Used) By Noncapital Financing</b>	<u>825</u>
<b>Cash Flows From Capital &amp; Related Financing</b>	
Purchase of Capital Assets	(62,957)
<b>Cash Provided (Used) By Capital &amp; Related Financing</b>	<u>(62,957)</u>
<b>Cash Flows From Investments</b>	
Interest Income	166,827
Assessment Penalties	25
(Increase) Decrease in Investments	(131,905)
<b>Cash Provided (Used) By Investments</b>	<u>34,947</u>
<b>Change in Cash</b>	1,685,361
<b>Cash - Beginning</b>	<u>2,164,351</u>
<b>Cash - Ending</b>	<u><u>\$3,849,712</u></u>
<b>Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations</b>	
Operating Income (Loss)	\$1,420,818
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:	
Depreciation	84,429
PERSI Contributions	(60,779)
Changes in Assets & Liabilities:	
Assessments Receivable	47,000
Promotional Supplies	(33,451)
Accounts Payable	224,517
Accrued Payroll	19,464
Accrued Compensated Absences	10,548
<b>Cash Provided (Used) By Operations</b>	<u><u>\$1,712,546</u></u>



# IDAHO DAIRY PRODUCTS COMMISSION

## Notes to Financial Statements

---

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – The Idaho Dairy Products Commission’s (the Commission’s) function is to increase the demand for dairy products by the dissemination of information and the development of dairy markets through advertising, marketing, research, nutrition education, and new product and process development. The Commission is a self-governing agency of the State of Idaho, operating under the provisions of Title 25, Chapter 31 of Idaho Code. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to self-governing governmental agencies. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Commission are discussed below.

**Basic Financial Statements** – The financial transactions of the Commission are reported in a single proprietary (enterprise) fund that is reported as a special revenue agriculture and natural resource fund in the State of Idaho Comprehensive Annual Financial Report. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and/or the activity is financed with debt that is solely secured by a pledge of the net revenues.

**Basis of Accounting** – Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The Commission’s financial statements are reported on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Cash** – For purposes of the statement of cash flows, the Commission considers all cash available for immediate withdrawal or with original maturities of three months or less to be cash and cash equivalents (referred to as cash).

**Investments** – Investments are measured using the market approach and include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants. Investments also include fixed income securities and are stated at fair value using Level 2 inputs (inputs other than quoted prices included in Level 1 that are observable for an asset, liability, either directly or indirectly).

**Assessment Revenue and Receivables** – Assessment revenue is earned when dairy products are processed and is receivable by the Commission the following month. Penalties are assessed for late remittances. All amounts are considered collectible and no allowance for doubtful accounts is considered necessary.

## IDAHO DAIRY PRODUCTS COMMISSION

### Notes to Financial Statements

---

**Promotional Supplies** – Promotional supplies on hand at year end are stated at cost using the first-in, first-out method.

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

**Compensated Absences** – The Commission provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is recorded as a liability in the accompanying financial statements. The Commission assumes that all compensated absences will be paid in the current period and accordingly, no schedule of changes in long-term obligations is prepared. Compensated absences are paid out of the enterprise fund.

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

**Deferred Outflows/Inflows of Resources** – The Commission's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

**Net Position** – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

**Promotional and Advertising Expenses** – The Commission enters into various sponsorship and marketing agreements and provides research grants for the purpose of increasing demand for dairy products. The Commission recognizes the expense associated with these agreements and grants in the period they are incurred.

**Idaho Dairymen's Association** – As part of the Commission's assessment revenue collection process, the Commission also collects assessment revenue on behalf of the Idaho Dairymen's Association (IDA). Once collected, the Commission then remits it to the IDA.

# IDAHO DAIRY PRODUCTS COMMISSION

## Notes to Financial Statements

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentrations of Credit Risk** – The Commission maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits.

**Risk Management** – The Commission is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

**Subsequent Events** – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

### B. CASH

Cash consists of the following:

Cash - Deposits	\$3,849,712
<b>Total</b>	<b><u><u>\$3,849,712</u></u></b>

**Deposits** – At year end, the carrying amounts of the Commission's deposits were \$3,849,712 and the bank balances were \$3,991,629. Of the bank balances, \$938,265 was insured and the balance was uninsured and uncollateralized.

### C. INVESTMENTS

Investments consist of the following at year end:

Investments - Local Government Investment Pool	\$2,381,527
Investments - Fixed Income Securities	5,188,284
<b>Total</b>	<b><u><u>\$7,569,811</u></u></b>

Change in fair value of investments during the year consists of the following:

Fair value - ending	\$7,569,811
Plus proceeds from investments sold/withdrawn during the year	2,938,711
Less cost of investments purchased/reinvested during the year	(3,047,237)
Less fair value - beginning	<u>(7,585,470)</u>
<b>Total</b>	<b><u><u>(\$124,185)</u></u></b>

**IDAHO DAIRY PRODUCTS COMMISSION**

Notes to Financial Statements

Investment return activity is summarized as follows:

Investment Return	
Interest	\$166,827
Net Realized & Unrealized Gain (Loss)	(124,185)
Fees	(23,379)
<b>Total Investment Return</b>	<u><u>\$19,263</u></u>

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

**Interest rate risk:**

Investment Type	Investment Maturity Schedule (In Years)					Total
	Less Than 1	1 - 5	6 - 10	Over 10		
US Gov't Agency Oblig	\$250,547	\$481,319	\$635,526	\$655,800		\$2,023,192
Corporate Obligations	1,457,268	1,707,824				3,165,092
Local Gov't Invest Pool	2,381,527					2,381,527
<b>Total</b>	<u><u>\$4,089,342</u></u>	<u><u>\$2,189,143</u></u>	<u><u>\$635,526</u></u>	<u><u>\$655,800</u></u>		<u><u>\$7,569,811</u></u>

**Credit rate risk (Moody's rating scale):**

Investment Type	Investment Rating Schedule					
	AAA	AA	A	B	Unrated	Total
US Gov't Agency Oblig	\$617,320				\$1,405,872	\$2,023,192
Corporate Obligations		\$508,913	\$2,507,841	\$148,338		3,165,092
Local Gov't Invest Pool					2,381,527	2,381,527
<b>Total</b>	<u><u>\$617,320</u></u>	<u><u>\$508,913</u></u>	<u><u>\$2,507,841</u></u>	<u><u>\$148,338</u></u>	<u><u>\$3,787,399</u></u>	<u><u>\$7,569,811</u></u>

**Investments** – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The Commission's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. More information on the local governmental investment pool including regulatory information, restriction on withdrawals, and rating and risk information can be found at [sto.idaho.gov](http://sto.idaho.gov). Government accounting standards board statements requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool

**IDAHO DAIRY PRODUCTS COMMISSION**  
Notes to Financial Statements

are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements.

**D. CAPITAL ASSETS**

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$515,974			\$515,974
<b>Total</b>	<u>515,974</u>	<u>\$0</u>	<u>\$0</u>	<u>515,974</u>
Depreciable Capital Assets				
Building	1,699,271	6,660		1,705,931
Equipment	116,772	56,297		173,069
Vehicles	116,462			116,462
Subtotal	<u>1,932,505</u>	<u>62,957</u>	<u>0</u>	<u>1,995,462</u>
Accumulated Depreciation				
Building	270,281	56,753		327,034
Equipment	69,083	16,228		85,311
Vehicles	47,854	11,448		59,302
Subtotal	<u>387,218</u>	<u>84,429</u>	<u>0</u>	<u>471,647</u>
<b>Total</b>	<u>1,545,287</u>	<u>(21,472)</u>	<u>0</u>	<u>1,523,815</u>
<b>Net Capital Assets</b>	<u>\$2,061,261</u>	<u>(\$21,472)</u>	<u>\$0</u>	<u>\$2,039,789</u>

Depreciation expense for the year was \$84,429.

**E. PENSION PLAN**

*Plan Description*

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that

## IDAHO DAIRY PRODUCTS COMMISSION

### Notes to Financial Statements

---

two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

#### *Pension Benefits*

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

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

#### *Member and Employer Contributions*

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

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% for general employees and 11.66% for police and firefighters. The Commission's contributions were \$98,863 for the year ended December 31, 2016.

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

At December 31, 2016, the Commission 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 Commission's proportion of the net pension liability was based on the Commission's share of contributions in the Base Plan pension plan relative to the total

**IDAHO DAIRY PRODUCTS COMMISSION**  
Notes to Financial Statements

contributions of all participating PERSI Base Plan employers. At June 30, 2016, the Commission's proportion was 0.0248212 percent.

For the year ended December 31, 2016, the Commission recognized pension expense (revenue) of \$105,645. At December 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$50,137
Changes in assumptions or other inputs	\$11,185	
Net difference between projected and actual earnings on pension plan investments	211,458	114,429
Employer contributions subsequent to the measurement date	60,779	
<b>Total</b>	<b>\$283,422</b>	<b>\$164,566</b>

\$60,779 reported as deferred outflows of resources related to pensions resulting from Commission contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending December 31, 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 and 5.5 for the measurement period June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ended</b>			
12/31/17			\$511
12/31/18			511
12/31/19			58,375
12/31/20			32,122
<b>Total</b>			<b>\$91,519</b>

*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

## IDAHO DAIRY PRODUCTS COMMISSION

### Notes to Financial Statements

---

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 expenses
Cost-of-living adjustments	1%

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

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

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

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

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



**IDAHO DAIRY PRODUCTS COMMISSION**

Notes to Financial Statements

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.

<b>Capital Market Assumptions</b>				
<b>Asset Class</b>	<b>Expected Return*</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	66% - 77%
Broad Domestic Equities	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%
			<b>Expected</b>	
<b>Total Fund</b>	<b>Expected Return*</b>	<b>Expected Inflation</b>	<b>Real Return</b>	<b>Expected Risk</b>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses

**Actuarial Assumptions**

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

*Discount Rate*

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

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

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Commission's

**IDAHO DAIRY PRODUCTS COMMISSION**

Notes to Financial Statements

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
Commission's proportionate share of the net pension liability (asset)	\$987,029	\$503,165	\$100,777

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave. State and school employers pre-fund this termination payment with contributions during active employment. The primary government, the State of Idaho, is reporting the other postemployment benefit (OPEB) liability related to the sick leave benefits. Specific details of the OPEB are available in the State of Idaho Comprehensive Annual Financial Report, which may be obtained by contacting the Idaho Office of the State Controller at 700 West State Street, Boise, Idaho.

**REQUIRED SUPPLEMENTARY INFORMATION**

**IDAHO DAIRY PRODUCTS COMMISSION**  
**Schedule of Employer's Share of Net Pension Liability**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<u>2016</u>	<u>2015</u>
Commission's portion of the net pension liability	0.0248212%	0.0232625%
Commission's proportionate share of the net pension liability	\$503,165	\$306,329
Commission's covered-employee payroll	\$725,945	\$716,943
Commission's proportional share of the net pension liability as a percentage of its covered-employee payroll	69.31%	42.73%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

**IDAHO DAIRY PRODUCTS COMMISSION**

**Schedule of Employer Contributions**

**PERSI - Base Plan**

**Last 10 - Fiscal Years\***

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$82,177	\$81,158
Contributions in relation to the statutorily required contribution	\$82,177	\$81,158
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Commission's covered-employee payroll	<u>\$725,945</u>	<u>\$716,943</u>
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

**OTHER REPORTS**

Audits  
Taxes  
Special Services



11501 Highway 95  
Payette, Idaho 83661  
www.qcpas.com  
info@qcpas.com  
P: 208-642-1417  
F: 208-642-1582

---

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

Board of Directors  
Idaho Dairy Products Commission

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 major fund of the Idaho Dairy Products Commission (the Commission), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

***Quest CPAs, P.C.***

Payette, Idaho  
February 28, 2017





# THE NUMBERS PROVE THE IMPACT IT HAS ON THE HEALTH OF STUDENTS IN IDAHO

Fuel Up to Play 60 empowers youth to eat healthier, move more and inspires their school, family and communities to do the same

## MILK & YOGURT SALES UP

Yogurt Sales (average oz. per Idaho school) were up over **36%**

Milk Sales (average oz. per Idaho school) were up **3%**



“It’s so rewarding to see the students get excited about eating healthy foods and encourage each other to be physically active thanks to Fuel Up To Play 60.”

**146**

Idaho Schools Funded

**\$955,398**

in grants funded the implementation of Fuel Up To Play 60 in Idaho schools



## MORE THAN 8 IN 10 IDAHO-FUNDED SCHOOLS REPORTED:

Physical activity opportunities for students increased **92%**

Healthy eating opportunities for students increased **81%**

Each Up **59%**

Students taking on leadership roles

Students improving their own personal wellness

Students participating in school breakfast

## DAIRY CONSUMPTION UP

Consumption of milk was up

**86%**

Consumption of cheese was up

**71%**

Consumption of yogurt was up

**77%**

**ABOUT 4 IN 5**  
IDAHO STUDENTS ARE POSITIVELY AFFECTED

**84%** of students are eating healthier through Healthy Eating Plays

**77%** of students are more physically active

“Fuel Up To Play 60 has helped students become more aware of how their choices affect their health in the future.”



idaho dairy council  
Protect & Promote Healthy Living

idahodairy.org

follow us for more: @idahodairy



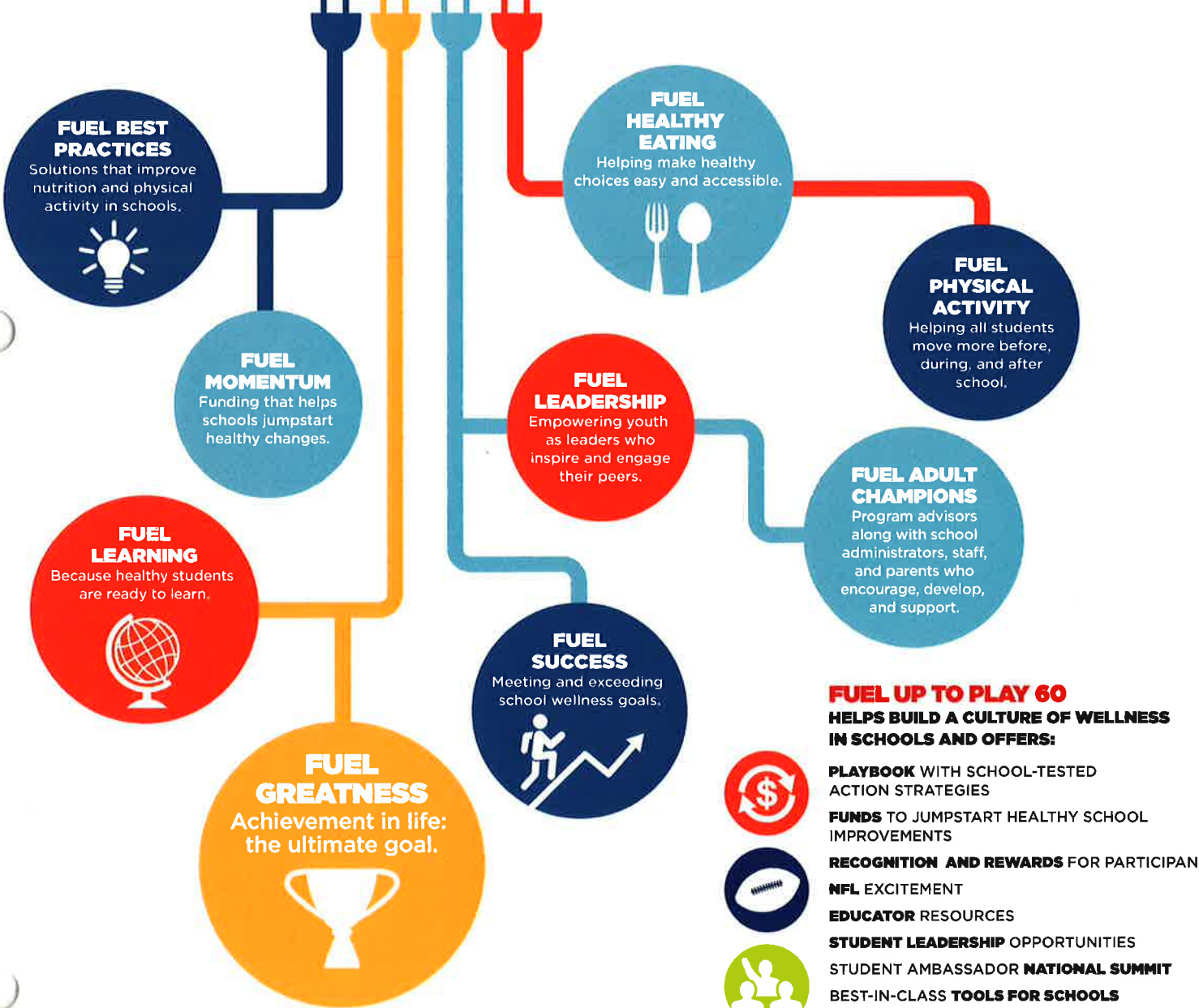









# SUCCESS STARTS WITH FUEL UP TO PLAY 60

A COMPLETE, CUSTOMIZABLE SCHOOL WELLNESS SOLUTION

Great things happen with Fuel Up to Play 60. And once the momentum starts, it builds! The result: empowered youth who eat healthier, move more, and inspire their school and community to do the same.



**FUEL UP TO PLAY 60 HELPS BUILD A CULTURE OF WELLNESS IN SCHOOLS AND OFFERS:**

-  **PLAYBOOK** WITH SCHOOL-TESTED ACTION STRATEGIES
-  **FUNDS** TO JUMPSTART HEALTHY SCHOOL IMPROVEMENTS
-  **RECOGNITION AND REWARDS** FOR PARTICIPANTS
-  **NFL EXCITEMENT**
-  **EDUCATOR RESOURCES**
-  **STUDENT LEADERSHIP** OPPORTUNITIES
-  **STUDENT AMBASSADOR**
-  **NATIONAL SUMMIT**
-  **BEST-IN-CLASS**
-  **TOOLS FOR SCHOOLS**
-  **SPECIAL CAMPAIGNS AND CHALLENGES**

**FUN FOR ALL!**

**FuelUpToPlay60.com**



THE NFL MOVEMENT FOR AN ACTIVE GENERATION

Fuel Up to Play 60 is a flagship program of **GENYOUTH**



# RESULTS AND IMPACT ARE THE BOTTOM LINE

## Reaching and Engaging Students

**73 thousand** Enrolled schools

**38 million** Students reached through the program nationwide

**12 million** Students actively engaged in the program

**35 thousand** Students empowered as school wellness ambassadors

## Educators Report that Fuel Up to Play 60 Helps Meet School Goals

- 70%** SAY FUEL UP TO PLAY 60 HELPS THEM ACHIEVE THEIR SCHOOL WELLNESS GOALS
- 47%** SAY FUEL UP TO PLAY 60 POSITIVELY IMPACTS STUDENT ACADEMIC PERFORMANCE
- 73%** SAY FUEL UP TO PLAY 60 POSITIVELY INFLUENCES THEIR SCHOOL ENVIRONMENT

## Funding Sustainable Changes

**over \$20 million** IN FUNDS FOR FUEL UP TO PLAY 60 MINI-GRANTS HAVE HELPED OVER 5,000 SCHOOLS AND 3 MILLION STUDENTS MAKE HEALTHY CHANGES

- ▶ Grab-n-go carts and kiosks make nutritious school **breakfast-on-the-go** possible and appealing to students. A **\$2,000 Funds for Fuel Up to Play 60 mini-grant** per school impacts an average of **566 students daily** and helps deliver up to **102,000 breakfasts a year**, helping students be ready to learn.
- ▶ A **\$1,000 Funds for Fuel Up to Play 60 mini-grant** in a school walking club results, on average, in **600 students walking almost 20 extra minutes per day, 3 days a week.**

## Helping Underserved Students and Schools

**OVER 30%** of enrolled schools are in urban settings with predominantly minority and lower-income students  
**2/3 OF FUNDS** for Fuel Up to Play 60 mini-grants have been used to jumpstart healthy changes in underserved communities

## Improving Healthy Eating and Physical Activity

BECAUSE OF FUEL UP TO PLAY 60...

**18 MILLION** STUDENTS NOW HAVE ACCESS TO HEALTHIER FOODS AT SCHOOL

**13 MILLION** STUDENTS ARE EATING HEALTHIER

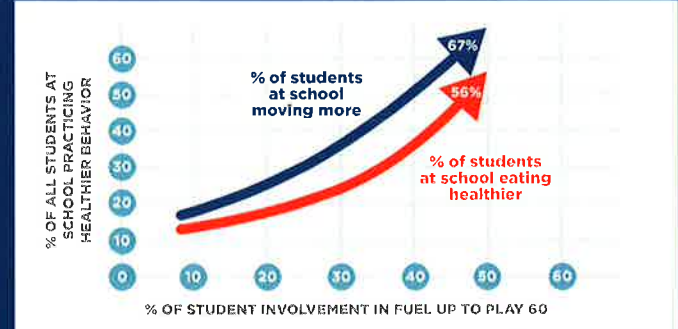
**17 MILLION** STUDENTS NOW HAVE ACCESS TO MORE PHYSICAL ACTIVITY OPPORTUNITIES AT SCHOOL

**16 MILLION** STUDENTS ARE MORE PHYSICALLY ACTIVE

Based on educator insights in enrolled schools.

## STUDENT INVOLVEMENT MATTERS!

Student involvement\* in Fuel Up to Play 60 positively relates to **healthier eating** and **more physical activity** throughout the school!



Based on educator insights in enrolled schools

\*Involvement is defined as leading and/or participating in a Kickoff Event, taking part in Healthy Eating/Physical Activity Plays, visiting the Fuel Up to Play 60 website, tracking progress, helping to plan/implement activities, and/or participating in campaigns or youth challenges.



## Bringing NFL Excitement to School Wellness

- ALL 32** NFL TEAMS, THE NFL ALUMNI ASSOCIATION, AND THE NFL FOUNDATION ARE INVOLVED
- 1,300** NFL PLAYER VISITS TO SCHOOLS
- 4,200** LOCAL EVENTS
- 4,500** NFL FLAG FOOTBALL KITS DONATED TO SCHOOLS GET 1.5 MILLION STUDENTS MOVING MORE
- PLUS** HOMETOWN GRANTS AND IN-GAME FEATURES IN ALL NFL TEAM MARKETS!

Students, educators, and supporters: Visit [FuelUpToPlay60.com](http://FuelUpToPlay60.com)

Data are based on annual Fuel Up to Play 60 Utilization Survey of almost 10,000 educators nationwide, Funds for Fuel Up to Play 60 reporting, and program enrollment data. Fuel Up to Play 60, the signature program of GENYOUth, was founded by the National Dairy Council and the National Football League, in collaboration with the U.S. Department of Agriculture. In over 73,000 schools reaching more than 38 million students, it's the nation's largest in-school wellness program. Fuel Up to Play 60 enables students to make small everyday changes around health and wellness, which amount to lasting changes in schools and communities. Students who are active in Fuel Up to Play 60 develop leadership skills and inspire their peers to be healthier. They also enjoy unique opportunities to win cool prizes, like an NFL player visit or Super Bowl tickets, for choosing good-for-you foods and getting active for at least 60 minutes every day.