2019 Idaho Barley Report
Senate Ag Committee

Idaho Barley Commission
Laura Wilder
Administrator
February 28, 2019

Idaho Barley Commission

- Established in 1988 (Title 22, Chapter 40)
- Serves to enhance the profitability of Idaho barley growers through:
  - research
  - market development
  - promotion
  - information and education
- Funded through $0.03/cwt barley assessment
Idaho Barley Commissioners

- 3 Grower Commissioners
- 1 Industry Rep selected by Grower Commissioners
- District 1 Wes Hubbard, Bonners Ferry
- District 2: Mike Wilkins, Rupert
- District 3: Scott Brown, Soda Springs
- Industry Rep: Tim Pella, AB, Idaho Falls

2018 Idaho Barley Crop

Harvested area 530,000 acres +3.8%
Production 53.53 million bu +9.5%
Ave. Yields 101 bpa +5.9%

2018 Idaho barley revenue - $245 million +3%
(UI 2018 Financial Condition of Idaho Agriculture)

Idaho barley was 34.6% of total U.S. barley production

Source: USDA Small Grains Report, Sept. 30, 2018
2018 National Barley Crop

Harvested area 1,978,000 acres +1.2%
Production 153.082 million bu +7.3%
Ave. Yields 77.4 bpa +6.2%

#1 - Idaho 53.53 million bu 34.6% U.S. total
#2 - Montana 33.60 million bu 21.9%
#3 - North Dakota 28.49 million bu 18.6%

Top 3 states = 75.1% of U.S. total production

Source: USDA Small Grains Report, Sept. 30, 2018

IBC Budget Highlights

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY2019 Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$772,153</td>
<td>$701,435</td>
<td>$705,609</td>
<td>$712,865</td>
</tr>
<tr>
<td>Expenses</td>
<td>$702,264</td>
<td>$699,242</td>
<td>$770,889</td>
<td>$697,449</td>
</tr>
<tr>
<td>Reserves</td>
<td>$545,537</td>
<td>$547,730</td>
<td>$482,450</td>
<td>$497,866</td>
</tr>
</tbody>
</table>
Idaho Barley Commission

FY 2018 Expenditures - $770,889

- Research
- Industry Partnerships
- Market Development
- Education & Promotion
- Administration

Barley Research Highlights

- Completed 5-year $1 million funding for IBC Endowed Barley Agronomist in 2018.
  Continuing to Support IBC Barley Endowment for position support at $70,500 for additional five years.

University of Idaho Barley Agronomist, Dr. Chris Rogers
Barley Research Highlights

- $47,000 to ARS Barley Breeding Program - development of food barley and malt barley varieties.
- New food barley variety Goldenhart officially released September 2018.

ARS Barley Breeder, Dr. Gongshe Hu

Barley Research Highlights

- Additional Research Funding:
  - Wireworm Survey and Control
  - Barley Extension Trials
  - Nitrogen Soil Test Methods
  - Variable Rate Irrigation
  - Early Warning Disease Detection
  - N. ID Barley Evaluation
  - Graduate Student for Dr. Rogers
  - Assessing Residue Source
  - Small Grains Report
  - Fungal & Oomycete Soil-Borne Disease
  - Long-Term Manure Impacts
Barley Market Development

- Foreign Market Development
  - U.S. Grains Council
  - Trade Teams

9 billion people by 2050

96% outside the U.S.

Barley Market Development

- Foreign Market Development
  - U.S. Grains Council

- 59 countries bought U.S. barley in 2017/2018 and exports totaled nearly 550,000 metric tons (25.3 million bushels), including for the Japanese food barley market as well as brewers in Mexico.
Barley Market Development

- Domestic Market Development
  - Mostly focused on food barley
  - Some craft beer event support

Food Barley Messaging

Barley’s Health & Wellness:
We have a great story to tell
- Nutritional Benefits
- Gut Health
- Weight and diabetes management
- Heart health - FDA Heart Health Claim
- Ancient Grain
- Grower Messages
  - Food barley is a family business
  - Trendy, versatile whole-grain
**Food Barley Marketing**

- Communications/Marketing
  - Brand Development
  - Website
  - Grower Videos
  - Social Media
  - Outreach to Individual Influencers/Bloggers
- Commercial and Non-Commercial Foodservice
- Farm-to-School Programs
- Health Influencer Groups/Meetings
  - Idaho Academy of Nutrition & Dietetics Annual Meeting April 2019
  - Speaker placement, menu items, trade

**PNW Food Barley Marketing Collaborative**

**Purpose:** To form a network of PNW food barley stakeholders for information, collaboration and leveraging resources in food barley industry development and marketing to raise consumer awareness and build demand for food barley products.
Growing Export Market - Japan

- Japanese Food Barley is booming
- Growth has quadrupled in the past 1-1.5 years
  - Primary Source: TV Commercial
  - Appearance/Weight Loss Strategy
  - Inner Beauty/Gut Health
- Faster than anticipated growth

Information from McKay Seed Company
U.S. Beer Demand

IRI Beer Segments Growth
CY Ending 12/30/2018

U.S. Beer Demand

Count of Brewers and Craft Share of Volume
2000 to 2018

National Beer Marketing & Tourism Conference coming to Boise March 26-29
Industry Partnerships

**Idaho Grain Producers Association**

Idaho Grain Producers Association (IGPA) is a state grain advocacy organization.

IGPA is the only state farm organization solely dedicated to protecting Idaho's wheat and barley growers by representing their interests at the state and national level on farm policy issues. IGPA also provides information to growers to keep them aware of issues affecting their farms.

Industry Partnerships

**National Barley Growers Association**

NBGA was created in 1989 to advance the national and international interests of U.S. barley producers.

NBGA works closely with federal policymakers, congressional office, and regulatory agencies to ensure the concerns and priorities of barley producers in the United States are considered and represented.
IBC Grower Education

- **Idaho Grain Market Report** published weekly by IBC at [www.barley.idaho.gov](http://www.barley.idaho.gov)
- Support to Winter Cereal Schools and Grower Meetings

- Many Grower resources on website, including:
  - Educational Resources/Links to recorded **WEBINARS**...
  - Grain Marketing and more

Other 2018 IBC Highlights

- Updated IBC Logo

- New IBC Administrator in August
  Kelly Olson retired after 24 years of service

- New IBC Administrative Assistant in October
FY2019 New Crop Outlook

- 2019 contracting by Idaho Malt Companies down about 6% overall to reduce inventories, and due to declining beer sales; food barley sector is growing but slowly. Planning on 6% budget reduction for 2020.
- 2019 Idaho weather predicted drier than normal but not extreme drought - mild El Nino year
- 2019 prices should remain mostly steady with inputs increasing overall

Barley Challenges

- High risk crop - many chances for failure in making malting grade Risks - Fusarium head blight (Scab), other diseases, drought & heat stress, quality requirements
- Competition from other crops - Corn, soybeans, canola are large and growing markets with substantial investment by biotech seed companies, including GM variety development
2019 Challenges

- Beer sales expected to continue slow decline; however distilling using barley is expected to slowly increase.

2019 Challenges

- Lack of Trade Agreements plus Strength of U.S. Dollar:
  - Mexico and Canada are our biggest trading partners for Idaho agriculture overall and very important for barley. We need Congress to ratify USMCA.
  - Japan is an important market for barley, especially food barley. We need U.S. to join TPP or get a bi-lateral agreement with Japan in place right away.
  - Australia, Canada and other countries can export in to most other countries for much less than U.S.; we are losing markets and potential markets we may never get back.
2019 Opportunities

- Domestic Food Barley Marketing and collaboration.
- New food and malt barley varieties with better yields.
- Continue to develop relationships in export markets with help from U.S., Grains Council and ISDA trade offices.
- Barley prices are still higher than many other crops overall and a good option for Idaho growers.

Thank You

Questions?

Laura Wilder
208.334.2090 office
208.608-4519 mobile
lwilder@barley.idaho.gov

www.barley.idaho.gov
IDAHO BARLEY COMMISSION

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2018
Table of Contents

Independent Auditor’s Report 1

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position 3

Statement of Activities 4

Fund Financial Statements:

Balance Sheet – Governmental Funds 5

Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 7

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities 8

Notes to Financial Statements 9

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (GAAP Basis):

General Fund 22

Notes to Required Supplementary Information 23

Schedule of Commission’s Proportionate Share of the Net Pension Liability 24

Schedule of Commission Contributions 25

FEDERAL REPORT

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 26
Independent Auditor’s Report

To the Board of Commissioners
Idaho Barley Commission
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Idaho Barley Commission (the Commission), as of and for the year ended June 30, 2018, 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 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 and the fund information of Idaho Barley Commission, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of Commission’s proportionate share of the net pension liability and the schedule of Commission contributions on pages 22 through 25 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 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2018, on our consideration of Idaho Barley Commission’s 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 Idaho Barley Commission’s internal control over financial reporting and compliance.

Millington Zwygart CPAs, PLLC

Caldwell, Idaho
October 12, 2018
# Idaho Barley Commission

**Statement of Net Position**

**June 30, 2018**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 360,054</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>127,568</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>487,622</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Outflows</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Related Items</td>
<td>24,383</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows</strong></td>
<td><strong>24,383</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Taxes Payable</td>
<td>5,172</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Due Within One Year:</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>12,017</td>
</tr>
<tr>
<td>Due in More Than One Year:</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>4,575</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>62,749</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>84,513</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Inflows</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Related Items</td>
<td>9,413</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows</strong></td>
<td><strong>9,413</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Surplus</td>
<td>418,079</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$ 418,079</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
Idaho Barley Commission  
Statement of Activities  
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Primary Government:</th>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities:</td>
<td>Charges for Services and Sales</td>
<td>Operating Grants and Contributions</td>
</tr>
<tr>
<td>Administration</td>
<td>$ 97,979</td>
<td>$ -</td>
</tr>
<tr>
<td>Research</td>
<td>422,570</td>
<td>-</td>
</tr>
<tr>
<td>Market Development</td>
<td>81,182</td>
<td>-</td>
</tr>
<tr>
<td>Industry Partnership</td>
<td>114,283</td>
<td>-</td>
</tr>
<tr>
<td>Education and Promotion</td>
<td>54,921</td>
<td>-</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>$ 770,935</td>
<td>$ -</td>
</tr>
</tbody>
</table>

General Revenues:
- Barley Tax                  | 701,549          
- Earnings on Investments     | 3,837            
- Miscellaneous Income        | 223              
- Total General Revenues      | 705,609          
- Change in Net Position      | (65,326)         
- Net Position, Beginning     | 483,405          
- Net Position, End of Year   | $ 418,079        

The accompanying notes are an integral part of the financial statements
Idaho Barley Commission  
Balance Sheet -  
Governmental Funds  
June 30, 2018

<table>
<thead>
<tr>
<th>Assets</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 360,054</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$ 127,568</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 487,622</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Fund Balances</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Payroll Liabilities</td>
<td>$ 5,172</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>5,172</td>
</tr>
</tbody>
</table>

| Fund Balances:                |             |
| Unassigned                    | 482,450     |
| Total Fund Balance            | 482,450     |

<table>
<thead>
<tr>
<th>Total Liabilities and Fund Balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities and Fund Balance</td>
<td>$ 487,622</td>
</tr>
</tbody>
</table>
Idaho Barley Commission
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2018

Total Fund Balances - Governmental Funds $ 482,450

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

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Compensated Absences (16,592)

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

Net Pension Liability $ (62,749)
Pension Related Deferred Inflows (9,413)
Pension Related Deferred Outflows 24,383

(47,779)

Total Net Position-Governmental Activities $ 418,079

The accompanying notes are an integral part of the financial statements
Idaho Barley Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>Barley Tax Receipts</td>
<td>$ 701,549</td>
</tr>
<tr>
<td>Interest Income</td>
<td>3,837</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>223</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>705,609</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>99,216</td>
</tr>
<tr>
<td>Research</td>
<td>422,294</td>
</tr>
<tr>
<td>Market Development</td>
<td>80,906</td>
</tr>
<tr>
<td>Industry Partnership</td>
<td>114,007</td>
</tr>
<tr>
<td>Education and Promotion</td>
<td>54,466</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>770,889</td>
</tr>
</tbody>
</table>

| Net Change in Fund Balances | (65,280) |

| Fund Balance, Beginning | 547,730 |

| Fund Balance, Ending | $ 482,450 |

The accompanying notes are an integral part of the financial statements.
Idaho Barley Commission
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Total Net Change in Fund Balance - Governmental Funds $ (65,280)

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

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. This requires an adjustment in the following accounts:

Compensated Absences (2,249)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. 2,203

Total Net Position-Governmental Activities $ (65,326)

The accompanying notes are an integral part of the financial statements
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Commission. The Commission receives funding from tax assessments on barley. The Commission is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Commissioners are appointed by the Governor upon recommendation of the Idaho Grain Producers Association, and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Commission's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Commission. Governmental activities are financed through, primarily, barley tax assessed on all barley as it enters the channels of trade in Idaho.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission.

- 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 general government related to the administration and support of the Commission's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

- 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, are presented as general revenues.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Commission’s funds. The emphasis of fund financial statements is on major governmental funds. At this time, the Commission has only one fund and, therefore, one major fund.

The Commission reports the following major governmental fund:

- General fund. This is the Commission’s primary operating fund. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

Basis of Accounting

The government-wide 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.

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

- Unassigned. Balances available for any purpose.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Under the terms of grant agreements, the Commission funds certain program 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 assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the Commission's intent to use restricted resources first, then unrestricted resources as they are needed.

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

C. Assets and Liabilities

Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments maintained in the investment pool, regardless of maturity are considered cash equivalents. See Note 2.

Receivables

All trade and assessment receivables are shown net of an allowance for uncollectible.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

<table>
<thead>
<tr>
<th>Capitalization Policy</th>
<th>Depreciation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 5,000</td>
</tr>
</tbody>
</table>

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

The Commission has no infrastructure or other capital assets to report.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Pensions

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

Use of Estimates

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

Deposits

As of June 30, 2018, the carrying amount of the Commission’s deposits were $104,297 and the bank balances totaled $224,963. All of the bank balance was insured or collateralized with pooled securities held by the pledging institutions in the name of the Committee.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of June 30, 2018, All of the Commission’s deposits were covered by the federal depository insurance or by collateral held by the Commission’s agent or pledging financial institution’s trust department or agent in the name of the Commission, and thus were exposed to custodial credit risk. The Commission does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Commission does not have a formal policy limiting its custodial credit risk.

Interest Rate Risk

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

Investments

The Commission voluntarily participates in the State of Idaho Investment Pool which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the Commission’s investment in the pool is the same as the value of the pool shares. The Commission follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Commission 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.
2. CASH AND INVESTMENTS (continued)

Investments

The Commission’s investments as June 30, 2018, are summarized below:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Fair Value</th>
<th>Investment Maturities (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less than 1</td>
</tr>
<tr>
<td>External Investment Pool</td>
<td>$255,757</td>
<td>$255,757</td>
</tr>
</tbody>
</table>

At year-end, cash and investments were reported in the basic financial statements in the following categories:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Investments categorized as cash</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

3. FUNDING

The Commission is financed by a tax of 3¢ per hundred-weight collected by the Commission on barley as it enters the channels of trade in Idaho. The amount of funds received by the Commission is subject to various conditions, including market price, storage of barley, weather, and number of acres planted.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular Commission employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in vacation leave during the year is as follows:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>6/30/2017</th>
<th>Earned</th>
<th>Used</th>
<th>6/30/2018</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$14,342</td>
<td>$9,871</td>
<td>$(7,621)</td>
<td>$16,592</td>
<td>$12,017</td>
</tr>
</tbody>
</table>

5. RISK MANAGEMENT

The Commission 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, and e) worker’s compensation, i.e. employee injuries. The Commission participates in various self-insurance programs established by the State for property and casualty losses and employee health insurance.
6. OTHER POSTEMPLOYMENT BENEFITS

The State of Idaho funds, or partially funds postemployment benefits related to health, disability, and life insurance. The Commission participates in the State of Idaho's post-employment benefit programs. The State administers the retiree healthcare plan which allows retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefit costs are paid by the Commission through a rate charged by the State. The primary government is reporting the liability for the retiree healthcare and long-term disability benefits. Specific details of these OPEB are available in the Comprehensive Annual Financial Report of the State of Idaho, which may be obtained by contacting the Office of the Idaho State Controller.

7. PENSION PLAN

Plan Description

Idaho Barley 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.

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

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.
7. PENSION PLAN (continued)

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 and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, 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. Idaho Barley Commission’s contributions were $14,530 the year ended June 30, 2018.

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

At June 30, 2018, Idaho Barley Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Barley Commission’s proportion of the net pension liability was based on Idaho Barley Commission’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, Idaho Barley Commission’s proportion was 0.0039921 percent.

For the year ended June 30, 2018, Idaho Barley Commission recognized pension expense/(revenue) of $12,327. At June 30, 2018, Idaho Barley Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:
7. PENSION PLAN (continued)

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$8,693</td>
<td>$5,653</td>
</tr>
<tr>
<td>Changes in assumptions or other inputs</td>
<td>1,160</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>-</td>
<td>3,760</td>
</tr>
<tr>
<td>Idaho Barley Commission’s contributions subsequent to the measurement date</td>
<td>14,530</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,383</strong></td>
<td><strong>$9,413</strong></td>
</tr>
</tbody>
</table>

$14,530 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 June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 years and 5.5 for the measurement period June 30, 2016.

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:

<table>
<thead>
<tr>
<th>For the Year Ended June 30:</th>
<th>PERSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$11,119</td>
</tr>
<tr>
<td>2020</td>
<td>5,895</td>
</tr>
<tr>
<td>2021</td>
<td>1,672</td>
</tr>
<tr>
<td>2022</td>
<td>(3,716)</td>
</tr>
</tbody>
</table>

**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.
7. PENSION PLAN (continued)

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

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

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:
1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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

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

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

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Expected Return</th>
<th>Expected Risk</th>
<th>Strategic Normal</th>
<th>Strategic Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad Domestic Equity</td>
<td>9.15%</td>
<td>19.00%</td>
<td>70%</td>
<td>66% - 77%</td>
</tr>
<tr>
<td>International</td>
<td>9.25%</td>
<td>20.20%</td>
<td>55%</td>
<td>50% - 65%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>3.05%</td>
<td>3.75%</td>
<td>30%</td>
<td>23% - 33%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.25%</td>
<td>0.90%</td>
<td>0%</td>
<td>0% - 5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fund</th>
<th>Expected Return</th>
<th>Expected Inflation</th>
<th>Expected Real Return</th>
<th>Expected Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuary</td>
<td>7.00%</td>
<td>3.25%</td>
<td>3.75%</td>
<td>N/A</td>
</tr>
<tr>
<td>Portfolio</td>
<td>6.58%</td>
<td>2.25%</td>
<td>4.33%</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

* Expected arithmetic return net of fees and expenses

- Assumed Inflation - Mean: 3.25%
- Assumed Inflation - Standard Deviation: 2.00%

- Portfolio Arithmetic Mean Return: 8.42%
- Portfolio Long-Term Expected Geometric Rate of Return: 7.50%
- Assumed Investment Expenses: 0.40%
- Long-Term Expected Geometric Rate of Return, Net of Investment Expenses: 7.10%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.
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 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease (6.10%)</th>
<th>Current Discount Rate (7.10%)</th>
<th>1% Increase (8.10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer's proportionate share of the net pension liability (asset)</td>
<td>$145,841</td>
<td>$62,749</td>
<td>$(6,303)</td>
</tr>
</tbody>
</table>

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. RELATED-PARTY TRANSACTIONS

The Commission works jointly with the Idaho Grain Producer's Association (IGPA). The IGPA provides lobbying activities, recommends new Barley Commissioners, completes surveys, and provides marketing activities for the Commission. The Commission does not obtain other bids for these services and has used the services of the IGPA for several years. In fiscal year 2018, the Commission made the following payments to IGPA:

- $52,000 for lobbying, marketing, and related activities.
- $7,500 to subsidize a quarterly magazine publication.
- $2,500 to subsidize the IGPA's annual convention.

As of June 30, 2018, there were no receivables or payables due to or from the Association.

9. OTHER COMMITMENTS

The Commission has two credit cards with a credit limit of $7,000 at 9.99% interest. $0 of the available credit was in use as of June 30, 2018.
Idaho Barley Commission
Notes to Financial Statements
For the Year Ended June 30, 2018

10. REPORTING ENTITY

For financial reporting purposes, the State of Idaho's primary government includes commissions, among others that are an integral part of the state. The Idaho Barley Commission is considered such an entity.
REQUIRED SUPPLEMENTARY INFORMATION
# Idaho Barley Commission
Budgetary Comparison Schedule (GAAP Basis)
General Fund
For the Year Ended June 30, 2018

## Revenues

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley Tax Receipts</td>
<td>$ 738,995</td>
<td>$ 743,995</td>
<td>$ 701,549</td>
<td>$(42,446)</td>
</tr>
<tr>
<td>Market Price Report Subscriptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>-</td>
<td>-</td>
<td>3,837</td>
<td>3,837</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>-</td>
<td>223</td>
<td>223</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>738,995</td>
<td>743,995</td>
<td>705,609</td>
<td>(38,386)</td>
</tr>
</tbody>
</table>

## Expenditures

Current:

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>98,046</td>
<td>98,046</td>
<td>99,216</td>
<td>(1,170)</td>
</tr>
<tr>
<td>Research</td>
<td>390,250</td>
<td>390,250</td>
<td>422,294</td>
<td>(32,044)</td>
</tr>
<tr>
<td>Market Development</td>
<td>78,998</td>
<td>83,998</td>
<td>80,906</td>
<td>3,092</td>
</tr>
<tr>
<td>Industry Partnership</td>
<td>114,351</td>
<td>114,351</td>
<td>114,007</td>
<td>344</td>
</tr>
<tr>
<td>Education and Promotion</td>
<td>57,350</td>
<td>57,350</td>
<td>54,466</td>
<td>2,884</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>738,995</td>
<td>743,995</td>
<td>770,889</td>
<td>(26,894)</td>
</tr>
</tbody>
</table>

## Net Change in Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Balance - Beginning</strong></td>
<td>-</td>
<td>-</td>
<td>547,730</td>
<td>(547,730)</td>
</tr>
<tr>
<td><strong>Fund Balance, Ending</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 482,450</td>
<td>$ (482,450)</td>
</tr>
</tbody>
</table>
1. **BUDGETS AND BUDGETARY ACCOUNTING**

   The Commission begins developing its modified accrual basis budget in April for the next fiscal year – July 1 through June 30. The budget is approved by the Commissioners in early June. Budget revenues are based on the March 31 U.S. Department of Agriculture prospective planting report and planting projections from other industry sources. Expenditures are based on funding levels, expected expenditures, and spending proposals.

2. **EXPENDITURES IN EXCESS OF APPROPRIATIONS**

   The general fund has expenditures in excess of appropriations in the amount of $65,280.
Idaho Barley Commission
Schedule of the Commission's Proportionate Share of the
Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission proportion of the net pension liability (asset)</td>
<td>0.0039921%</td>
<td>0.0038601%</td>
<td>0.0036661%</td>
<td>0.0043525%</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset)</td>
<td>$62,749</td>
<td>$78,250</td>
<td>$48,277</td>
<td>$32,041</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$128,352</td>
<td>$123,990</td>
<td>$112,898</td>
<td>$102,685</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>48.89%</td>
<td>63.11%</td>
<td>42.76%</td>
<td>31.20%</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>87.26%</td>
<td>87.26%</td>
<td>91.38%</td>
<td>94.95%</td>
</tr>
</tbody>
</table>

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

Data reported is measured as of June 30, 2017
Idaho Barley Commission  
Schedule of Commission Contributions  

Public Employees Retirement System of Idaho  

Last 10 - Fiscal Years*  

<table>
<thead>
<tr>
<th>Contribution Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contributions</td>
<td>$14,530</td>
<td>$14,036</td>
<td>$12,780</td>
<td>$11,624</td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>14,530</td>
<td>14,036</td>
<td>12,780</td>
<td>11,624</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$128,352</td>
<td>$123,990</td>
<td>$112,898</td>
<td>$102,685</td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
</tr>
</tbody>
</table>

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

Data reported is measured as of June 30, 2018
Board of Commissioners
Idaho Barley Commission
Boise, 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 Standard issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Idaho Barley Commission (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Idaho Barley Commission’s basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Barley 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 Idaho Barley Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Barley 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether Idaho Barley Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Millington Zwygart CPAs, PLLC
Caldwell, Idaho
October 12, 2018