

CASSIA COUNTY

**BASIC FINANCIAL STATEMENTS
With Supplemental Information**

September 30, 2007

CASSIA COUNTY
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2007
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COUNTY OF CASSIA
COURTHOUSE

LARRY A MICKELSEN
CLERK OF THE DISTRICT COURT
Ex-Officio Auditor and Recorder

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January 25, 2008

Honorable Members
Cassia County Board of Commissioners
Dennis Crane, Chairman
Paul Christensen, Commissioner
Clay Handy, Commissioner

Submitted herewith, are the basic financial statements of the County for the fiscal year ended September 30, 2007.

The report was prepared by the County Auditor's Office with the assistance of Evans and Poulsen CPA's. The organization, form and contents were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants, and is presented according to generally accepted accounting principles. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of the operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to get the maximum understanding of the County's financial activity is contained in the Notes to Financial Statements section of this report.

The funds included in this report are for those funds and entities that are controlled by or are dependent on the County. Determination of "controlled by or dependant on" is based on criteria developed by the Governmental Accounting Standards Board and spelled out in their statements numbered 3 and 7. The criteria deals with financial interdependence, selection of governing authority, designation of management, ability of the County Commissioners to significantly influence operations and accountability for fiscal matters. We have determined that the school districts, highway districts, cities, fire districts and water districts which lie within the County's boundaries, should not be included in our report.

Internal controls are an integral part of any accounting operation and should be designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use of disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. We feel that the County's system of internal control is adequate to provide such assurances and is functioning properly at the present time.

Idaho law requires an annual audit of the book of accounts, and financial records of the County by an independent public auditor. The County has selected the certified public accounting firm of Evans and Poulsen CPA's to meet this requirement. We very much appreciate the assistance they have given the County in improving our accounting procedures and include a copy of their audit report with this report.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Larry A. Mickelsen", with a long, sweeping horizontal line extending to the right.

Larry A. Mickelsen
Clerk of the District Court
Ex-Officio Auditor & Recorder

1 incl. as

FINANCIAL SECTION

Evans & Poulsen P.A.

Certified Public Accountants

*Members of the American Institute of CPA's
and the Idaho Society of CPA's*

Edward G. Evans, CPA

Jeffrey D. Poulsen, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cassia County, Idaho

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cassia County (the County), as of and for the fiscal year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the County's 2006 financial statements and, in our report dated January 24, 2007, we expressed unqualified opinions on the respective financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cassia County as of September 30, 2007, and the respective changes in financial position and the respective budgetary comparison for each major fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2008, on our consideration of the County's internal control over financial reporting and 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 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* and should be considered in assessing the results of our audit.

The management discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Evans & Poulsen

EVANS & POULSEN, PA

January 23, 2008

Management Discussion and Analysis
Cassia County
For Year Ended September 30, 2007

The discussion and analysis of the Cassia County Government Services financial performance provides an overview of the County's financial activities for the fiscal year, October 1, 2006 through September 30, 2007. The County implemented the reporting model as adopted by the Governmental Accounting Standards Board (GASB) in their statement. Please read this statement in conjunction with the County's financial statement which immediately follows this section.

Elected Officials: Cassia County is a political subdivision of the State of Idaho, though it is not a part of State Government. The Board of County Commissioners, consisting of three elected commissioners, serves as the governing body for Cassia County, carrying out local legislative duties and fulfilling other obligations as the chief executives of the County. The Board is responsible for setting general policy for Cassia County, and has primary authority to establish terms and conditions of employment with Cassia County. The Board also appoints personnel to help carry out its administrative responsibilities.

Six other Cassia County officials are elected by the County's voters to carry out specific public responsibilities. These elected officials include: Clerk/Auditor (maintains fiscal accounts, budget officer, recorder, clerk of the district court, elections officer, and clerk of the Board of Commissioners); Assessor (determines property values, administers property taxation system and issues vehicle registrations); Treasurer (tax collector, ex-officio public administrator); Prosecuting Attorney (prosecutes crimes and provides legal counsel to the county government); Sheriff (law enforcement); Coroner (determines causes of death).

Goal: It is by using the combined best efforts of each elected official, each department head and every employee to provide the best possible service to every member of the public, in a courteous, equitable, efficient, effective way. It is the goal of the County to utilize the revenues of the County in the most efficient way to allow each elected official to fulfill their respective duties as prescribed in the Idaho Code. Further, it is the objective of every elected official to collect revenues as allowed by law, including: taxes, fees, fines, to be used in the most effective way to help pay for the cost of all services. The County is accountable to the tax payers and citizens of Cassia County and all members of the public.

The goal of our county to provide the best possible service with the revenues available continues to be challenged by an economy that has experienced a national recession, national interest rate declines, increased credit card interest rates, slowdown in employment levels, State and Federal funding hold backs, legislative exemptions, federal funded hold backs to local programs, increased medical premium costs, increased property insurance rates, increased indigent medical costs and unfunded mandates.

Economic Conditions and Outlook: Cassia County, primarily an agricultural and rural residential area, is located in the South Central part of Idaho. The agricultural industry comprises the main industrial base in the County with retail and service industries as important secondary sources of employment and tax revenue.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Taxation and Finance: Counties, as political subdivisions of the State of Idaho, but with closer relationships with the people, have a right and a responsibility to raise the necessary revenues in order to finance critical, basic public services of a wide variety, many of which are federally or state mandated.

Property Taxes raise a substantial amount of money and are in fact, the largest single source of county tax revenue. The assessment of property is completed on a timely basis utilizing the most accurate procedures and in accordance with the standards of the International Association of Assessing Officers. Property tax revenues are no longer sufficient to support all functions of local government.

Payments in lieu of taxes are Federal payments made to Cassia County for loss in property tax revenues, caused by legislative actions which reduces or exempts Bureau of Land Management property from taxation.

The collection of property taxes is administered and completed by the County Treasurer.

Fund Financial statements: Funds are accounting devices that County uses to track sources of funding and spending for specific programs and to demonstrate compliance with various regulatory requirements. Fund financial statements generally report operation in more detail than the government-wide statements. This statement focused on its most significant or "major" funds and not on the County as a whole.

County Funds:

The Taxing Funds listed here have their own levy limits within the overall County budget, which are set by the State Legislature. Although they are all contained in the County Budget, they cannot be intermingled. The levy funds come from property tax revenues. The Major Funds listed show the 2007 County Tax Levy Per \$1.00 of Assessed Market Value.

Taxing Funds
Current Expense: .264185
Fair: .022157
Justice: .538784
District Court: .013635
Ambulance: .027271
Indigent: .022158
Community College: .049428
Revaluation: .040906
Weed & Pest: .018749
Historical Society: .002727
Tort: No Limit
Total: 1.000000

2007 Levy Rate = .003230159

Solid Waste Collections
 Sheriff Drug Enforcement
 911 Emergency Services
 Snowmobile
 Waterways
 EMS
 Industrial Property Litigation
 Juvenile Justice Lottery Tax
 Noxious Weed Support
 Cigarette Tax
 Forest Service
 Disaster Services Support
 Grants
 Interlock Fund
 Court Facilities
 Domestic Abuse
 Misdemeanor Probation Fund

These are all revenue funds
 or they collect fees for their
 funding. They do not affect the
 property taxes.

Revenues for Major Funds are:

Cash Forward (referred to as Fund Balance);

Revenue other:

State Sales Tax
 State Liquor Allocation
 State Sales Tax
 Federal Payment in Lieu of Taxes
 State Licenses & Fees
 County Licenses & Fees
 Interest on Investments
 Gross Elected Tax
 Federal Reimbursements

Receipts

Agricultural Equipment Property Tax Replacement
 Property Tax Levy

Financial Information: Accounting System and Budgetary Control: In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal control is a process effected by the County's governing board, elected officials, department heads, and staff, designed to provide reasonable assurance, not absolute, regarding the achievements of objectives in the following categories: 1) the effectiveness and efficiency of operations, 2) reliability of financial reporting; and 3) compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that; (1) - the cost of control should not exceed the benefit likely to be derived; and (2) - the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained by the issuance of monthly financial statements which reflect current and year to date expenditures and encumbrances, in comparison to budgeted amounts. Anticipated expenditures are reviewed to determine that sufficient funds will be available prior to issuance of purchase approval or other commitments.

The financial statements meet requirements as set forth by the Governmental Accounting Standards Board and with generally accepted accounting principles as applied to government units.

COUNTY FUNDS FINANCIAL ANALYSIS

Major Funds – The major funds are the maintenance and operation funds for the County. The two largest funds that contain the main operations of the major departments of the county, including employees, salaries, benefits and operations are Current Expense Fund and Justice Fund.

Here are some comparisons that give a picture of the County's financial status.

Remaining Cash Balance:

	<u>Current Expense</u>	<u>Justice</u>
FY Ending 9-30-05	\$123,515	\$ 414,021
FY Ending 9-30-06	<u>\$175,483</u>	<u>\$ 164,846</u>
	\$ 51,968	-\$ 249,535

The cash balance in Current Expense shows an increase of 42%

The cash balance in Justice shows a decrease of 152%

This gives grave concern that the decrease in the remaining cash balance of the Justice Fund will and did have a negative impact on the next year's budget and financial status.

	<u>Current Expense</u>	<u>Justice</u>
FY Ending 9-30-06	\$175,483	\$164,846
FY Ending 9-30-07	<u>\$432,426</u>	<u>\$389,827</u>
	\$256,943	\$224,981

The cash balance in Current Expense show an increase of 168%

The cash balance in Justice shows an increase of 136%.

This gives an indication that the measures imposed in Fiscal Year 2006-2007 by management had a positive impact on the Current Expense Fund. However, it should be noted that the actual dollar amount increase in the Current Expense Fund is not very significant given the overall obligation of the services provided by the fund. During the years, the Justice Fund has steadily decreased, largely due to Court costs, an increase in the numbers of felonies committed and an increase in the Detention Center population. However, this past year, the Justice Fund made a slight recovery, due in part to the higher number of "paying" customers from other jurisdictions. The Detention Center population expansion will continue to place a burden on the Justice Fund until such time as the "drug epidemic" can be brought under control by the Law Enforcement Department, unless the "paying" customer numbers continue to increase. The County is considering contracting with Advanced Collection Technology of Twin Falls, ID to assist in collecting the monies owed the County in fines and fees assessed by the Courts. This will help to alleviate the decrease in the Justice Fund, and remove the burden of collections from the County Treasurer's Office. It is important to note that the Jail Bond payments were completed in 2006, but maintenance costs for the Detention Center continue to increase.

The analysis is that the expenditures in the Current Expense Fund and the Justice Fund have increased dramatically. This is reflective on the increase in costs to provide normal, basic services to the citizens of Cassia County. This also shows the increase in costs to the County due to an increase in felonies,

which results in increased Court costs and the costs to the Detention Center attributed to a higher prison population. It is the feeling of the Budget Officer that by observing and continuing the existing purchasing protocols, the County can reduce expenditures to more closely remain within budget revenues. The Fund Balances for the Current Expense Fund and the Justice Fund are projected to remain about the same at the end of FY2008.

The expenditures for Indigent Medical costs are continuing to increase at an unacceptable rate. The Budgeted amount should be sufficient for FY2008 at this time. Collection efforts through Advanced Collections Technologies in Twin Falls have increased, but at this time are having minimal positive effects. A collection letter signed by the County Attorney and the efforts of the County Welfare Office staff have been very effective in increasing the repayment of monies owed the County for indigent assistance.

My observation is that the County Commissioners are taking some necessary steps to improve the fund balances of the county, however, this should be viewed as a starting point and that these measures should be continued and even expanded, to insure deliverance of county required services.

Having a healthy fund balance gives the Commissioners the opportunity to address projects that occur during the year that were not anticipated at the time the budget was set. Not having a healthy fund balance puts the county at risk in making budget adjustments during the year. However, with the current fund balance concern, the Commissioners will need to make a concentrated effort to set the budget and hold to that budget. Department Heads need to monitor spending and be frugal with purchases of items that are not mission essential, which will assist in bringing the County closer to a sound fund balance. It will require the departments to look within their set budgets to adjust within those set amounts for unanticipated conditions that must be addressed.

Cassia County does not have a fixed salary scale with grades and steps. The employee increases are based on equality and Department Head evaluation. The year ending September 30, 2007, there was a 3% salary increase to each Department for the County Employees; the Elected Officials and the Department Heads also received a 3% salary increase. The County has an excellent medical and other benefits plan to assist with the compensation for the employees. In fiscal year ending September 30, 2007, the major medical premiums had a very minimal increase because of employee awareness of medical expenditures. In future budget years the county will need to analyze the projected increase in expenditures to projected revenues, increases or decreases. Personnel costs continue to challenge management to remain competitive in salaries, and at the same time, be good stewards of county tax dollars. It is the opinion of the Budget Officer that salaries will need to be increased for Fiscal Year 2008, to successfully retain the current County employees, as they are well-trained, contributing members of the County Departments. With the new businesses moving into the area, that are offering higher pay with benefits than the County can offer, Cassia County is in danger of losing some extremely valuable employees.

Idaho Law allows counties to levy for 3% over the highest of the last 3 years non-exempt property tax budget; plus New Construction roll values times the previous years non-exempt tax levy; plus value of property newly annexed in the previous year times the previous years non-exempt levy; plus any recaptured foregone amount; minus agricultural equipment exemption replacement and property tax relief monies.

The non property tax portion of the budget has no percentage limit; however, it is limited to the anticipated increase of the other revenues.

The Commissioners continue to be diligent in requiring justification from any department requesting significant increases in operating or personnel increases.

The County functioned very much in 2007 as it did in previous years. I saw no significant changes in expenditures or revenues, with the exceptions of 1) the more in-depth financial and program justifications required to be made to the Commissioners for any department; and 2) the grants the county has applied for and received and the impact those have had on our budgets and department functions. A focus for FY 2008 will be to improve our inventory procedures and reporting in a timely manner, especially with receiving the written response regarding the internal audit from the Department Heads. Cassia County has purchasing procedures which work very well; however, it will be a goal to put inventory procedures in a more inflexible reporting mode so that we can show a more accurate record of our inventory for each department. We currently have an inventory listing which is updated throughout the year. Each Department Head conducts an annual inventory of the department property and returns the completed inventory listing, including any changes to the listing, to the Auditor's Office. We also have an inventory update sheet which is used for additions, deletions, retired and moved inventory items. These inventory lists and update sheets are kept on as a permanent record of County property and expenditures for County property. It is in the best interest of the County to continue to supplement this record annually. This is adequate to meet the requirements of GASB-34 and procedures are, and will continue to be implemented to make this a better process.

The Commissioners, related to financial issues for the future, will be looking at providing superior service to the public, providing employee retention incentives, continuing to evaluate and act upon courthouse security measures for both employees and patrons and the further development of our GIS system. A major concern that is still facing the Commissioners in Year 2008 is the expense of the Indigent Medical Assistance program, and the manner in which it will be funded. It will definitely have a negative impact on existing County department budgets. Through changes in the State Statutes, the County is no longer required to pay the medical expenses for those who are not legal residents of the United States. This took effect on July 1, 2007. The hospitals are required to provide medical assistance for all, but for undocumented aliens, the County does not have to pay the medical bills. Agreements between the hospital and the county, which could be negotiated, can help to alleviate the expenses suffered by the hospital.

The County continues to receive the benefits of our taxpayers paying Property Taxes. The County generally receives in excess of a 90% tax collection. This is a very positive benefit to the County and to the elected officials and employees who continue to do their best to provide a superior service to the public. The County Assessor resolved some Protests of Valuation of Property Tax Assessments during the annual Board of Equalization hearing period. There were no appeals heard by the Board of Commissioners during the Board of Equalization hearing period. Cassia County Appraisers continue to be challenged to keep properties at Market Value. The challenge continues to be that there are people who have occupied the same property for long periods of time, possibly on fixed incomes, who continue to have property tax increases even with the homeowner's exemptions and circuit breaker benefits. This is an ongoing discussion with our Legislators and may or may not result in changes to our budget and levy procedures. Property Taxes will continue to be a major item of discussion and potential legislation during the next State legislative session.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances. Any questions or request for additional information should be directed to the County Clerk, Larry Mickelsen, at the Cassia County Courthouse Auditor's Office, 1459 Overland Avenue, Burley, Idaho, 83318, by phone at 208 878-5231 or by email at lmickelsen@cassiacounty.org.

CASSIA COUNTY

Statement of Net Assets For the Year Ended September 30, 2007

	<u>Primary Government</u> <u>Government Activities</u>	
	2006	2007
<hr/>		
ASSETS		
Cash and Investments	\$ 5,367,727	\$ 6,284,737
Receivables:		
Taxes	230,276	175,374
Other	7,500	7,500
Restricted Assets:		
Cash		
Taxes Receivable		
Capital Assets:		
Land	1,027,612	1,027,612
Other Capital Assets, Net of Depreciation	<u>3,538,963</u>	<u>3,525,406</u>
Total Assets	<u>10,172,078</u>	<u>11,033,129</u>
LIABILITIES		
Vouchers Payable and Accrued Liabilities	198,483	191,279
Interest Payable	5,857	4,753
Long-Term Liabilities:		
Due Within One Year	78,391	20,222
Due in More Than One Year	<u>176,420</u>	<u>156,198</u>
Total Liabilities	<u>459,151</u>	<u>372,452</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	4,311,764	4,376,598
Restricted for Debt Service		
Unrestricted	<u>5,401,163</u>	<u>6,284,079</u>
Total Net Assets	\$ 9,712,927	\$10,660,677

CASSIA COUNTY

Statement of Activities For the Year Ended September 30, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 2,160,762	\$ 595,341	\$	\$ 25,000
Indigent Assistance	662,339	229,164		
Highways and Roads	430,843	21,000	53,981	100,846
Public Safety	7,682,152	3,660,476	57,487	75,125
Other Public Service	1,390,998	683,220		
Culture and Recreation	110,869	47,391		
Interest	12,095			
Total Governmental Activities	<u>12,450,058</u>	<u>5,236,8592</u>	<u>111,468</u>	<u>200,974</u>
Component Unit:				
Cassia County Fair & Rodeo	<u>260,694</u>	<u>206,992</u>		

General Revenues

Property Taxes Levied for:	
General Purposes	
Indigent Assistance	
Highways and Roads	
Public Safety	
Bond Interest and Redemption	
In Lieu of Taxes	
Sales and Other Taxes	
Investment Earnings	
Miscellaneous	
Gain/(Loss) on Sale of Capital Assets	
Transfers	

Primary Government Governmental Activities 2006 2007

General Purposes	1,309,830	1,444,513
Indigent Assistance	37,745	67,856
Highways and Roads	30,248	30,162
Public Safety	1,725,007	1,709,067
Bond Interest and Redemption	144,097	1,634
In Lieu of Taxes	1,114,850	1,108,335
Sales and Other Taxes	1,632,368	1,744,306
Investment Earnings	237,001	298,754
Miscellaneous	447,007	1,510,591
Gain/(Loss) on Sale of Capital Assets	15,093	11,218
Transfers	(75,400)	(77,662)
Total General Revenues and Transfers	6,617,839	7,848,774
Change in Net Assets	761,085	947,750
Net Assets Beginning of Year	8,951,842	9,712,927
Net Assets End of Year	9,712,927	10,660,677

CASSIA COUNTY

Statement of Net Assets September 30, 2007

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Cash and Investments	\$ 6,284,737	\$ 5,367,727	\$ 138,366	\$ 122,063
Receivables:				
Taxes	175,374	230,276	-	-
Other	20,000	7,500	-	-
Prepaid Expenses	-	-	-	-
Due From Other Governments	-	-	-	-
Inventory - Note 1	-	-	-	-
Restricted Assets:				
Cash	-	-	-	-
Taxes Receivable	-	-	-	-
Capital Assets - Note 3:				
Land	1,027,612	1,027,612	-	-
Other Capital Assets, Net of Depreciation	3,525,406	3,538,963	44,937	33,556
Other Assets	-	-	-	-
Total assets	<u>11,033,129</u>	<u>10,172,078</u>	<u>183,303</u>	<u>155,619</u>
LIABILITIES				
Vouchers Payable and Accrued Liabilities	191,279	198,483	-	-
Deferred Revenue	-	-	-	-
Interest Payable	4,753	5,857	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	20,222	78,391	-	-
Due in More Than One Year	156,198	176,420	-	-
Total liabilities	<u>372,452</u>	<u>459,151</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	4,376,598	4,311,764	44,937	33,556
Restricted for:				
Debt Service	-	-	-	-
Unrestricted	6,284,079	5,401,163	138,366	122,063
Total Net Assets	<u>\$ 10,660,677</u>	<u>\$ 9,712,927</u>	<u>\$ 183,303</u>	<u>\$ 155,619</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Activities For the Year Ended September 30, 2007

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities 2007	Component Unit Fair Board 2006
Governmental Activities:						
General Government	\$ 2,160,762	\$ 595,341	\$ -	\$ 25,000	\$ (1,540,421)	\$ (1,404,768)
Indigent Assistance	662,339	229,164	-	-	(433,175)	(169,009)
Highways and Roads	430,843	21,000	53,981	100,849	(255,013)	(256,497)
Public Safety	7,682,152	3,660,476	57,487	75,125	(3,889,064)	(3,322,930)
Other Public Service	1,390,998	683,220	-	-	(707,778)	(603,872)
Culture and Recreation	110,869	47,391	-	-	(63,478)	(84,229)
Interest	12,095	-	-	-	(12,095)	(15,449)
Total Governmental Activities	\$ 12,450,058	\$ 5,236,592	\$ 111,468	\$ 200,974	(6,901,024)	(5,856,754)
Component Unit:						
Cassia County Fair & Rodeo	\$ 260,694	\$ 206,992	\$ -	\$ -	\$	\$ (53,702)
						\$ (32,926)
General Revenues						
Property Taxes Levied for:						
General Purposes					1,444,513	1,309,823
Indigent Assistance					67,856	37,745
Highways and Roads					30,162	30,248
Public Safety					1,709,067	1,725,007
Bond Interest & Redemption					1,634	144,097
In Lieu of Taxes					1,108,335	1,114,850
Sales & Other Taxes					1,744,306	1,632,368
Investment Earnings					298,754	237,001
Miscellaneous					1,510,591	447,007
Gain/(Loss) on Sale of Capital Assets					11,218	15,093
Transfers					(77,662)	(75,400)
Total General Revenues and Transfers					7,848,774	6,617,839
Change in Net Assets					947,750	761,085
Net Assets Beginning of Year					9,712,927	8,951,842
Net Assets End of Year					\$ 10,660,677	\$ 9,712,927
					\$ 183,303	\$ 155,619

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Governmental Funds
September 30, 2007

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2007	Total Govt Funds 2006
ASSETS								
Cash and investments	\$ 1,141,251	\$ 409,245	\$ 488,904	\$ 529,324	\$ 454,253	\$ 3,261,760	\$ 6,284,737	\$ 5,367,727
Receivables:								
Taxes	35,787	-	34,383	76,507	-	28,697	175,374	230,276
Other	20,000	-	-	-	-	-	20,000	7,500
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 1,197,038	\$ 409,245	\$ 523,287	\$ 605,831	\$ 454,253	\$ 3,290,457	\$ 6,480,111	\$ 5,605,503

LIABILITIES AND FUND EQUITY

Liabilities:								
Vouchers payable	\$ 42,441	\$ 10	\$ -	\$ 91,029	\$ -	\$ 57,799	\$ 191,279	\$ 198,483
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	32,991	-	31,129	70,369	-	26,401	160,890	204,090
Total liabilities	75,432	10	31,129	161,398	-	84,200	352,169	402,573
Fund Balance:								
Reserved - Debt service	-	-	-	-	-	35,671	35,671	20,517
Unreserved								
General	1,121,606	-	-	-	-	-	1,121,606	877,793
Special revenue	-	409,235	492,158	444,433	454,253	3,170,586	4,970,665	4,304,620
Total fund balances	1,121,606	409,235	492,158	444,433	454,253	3,206,257	6,127,942	5,202,930
Total liabilities and fund balances	\$ 1,197,038	\$ 409,245	\$ 523,287	\$ 605,831	\$ 454,253	\$ 3,290,457	\$ 6,480,111	\$ 5,605,503

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities September 30, 2007

Total Governmental Fund Balances	\$ 6,127,942
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,553,018
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	160,890
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds	
Note Payable to Southern Idaho Regional Solid Waste District	(176,420)
Accrued Interest Payable	<u>(4,753)</u>
Net Assets of Governmental Activities	<u>\$ 10,660,677</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds Year Ended September 30, 2007

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2007	Total Govt Funds 2006
Revenues:								
Taxes - property	\$ 1,008,746	\$ -	\$ -	\$ 1,647,158	\$ -	\$ 640,529	\$ 3,296,433	\$ 3,304,686
Taxes - sales and other	431,967	-	-	662,805	-	293,965	1,388,737	1,327,219
Payment in lieu of taxes	-	-	-	-	1,108,335	-	1,108,335	1,114,850
Fees and fines	414,788	1,124,629	518,767	197,588	-	847,622	3,103,394	3,124,361
Intergovernmental	8,000	442,813	-	1,750,537	-	2,752,764	4,954,114	3,847,862
Interest	298,754	-	-	-	-	-	298,754	237,001
Grants and miscellaneous	79,650	-	29,305	158,296	-	637,673	904,924	915,350
Total revenues	2,241,905	1,567,442	548,072	4,416,384	1,108,335	5,172,553	15,054,691	13,871,329
Expenditures:								
General government	1,998,092	-	-	-	-	1,702,401	3,700,493	3,689,702
Indigent Assistance	-	-	-	-	-	662,339	662,339	341,737
Highways and roads	-	-	-	-	-	591,528	591,528	347,484
Public safety	-	-	-	7,076,273	-	520,187	7,596,460	7,407,625
Other public service	-	-	610,052	-	-	799,731	1,409,783	1,441,672
Culture and recreation	-	-	-	-	-	91,414	91,414	114,742
Debt Service	-	-	-	-	-	-	-	715
Total expenditures	1,998,092	-	610,052	7,076,273	-	4,367,600	14,052,017	13,343,677
Excess of rev over(under) expend	243,813	1,567,442	(61,980)	(2,659,889)	1,108,335	804,953	1,002,674	527,652
Other financing sources (uses)								
Transfers in	-	583,753	-	3,078,921	-	609,240	4,271,914	4,496,880
Transfers out	-	(2,322,180)	-	(498,753)	(1,353,000)	(175,643)	(4,349,576)	(4,572,245)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other fin sources(uses)	-	(1,738,427)	-	2,580,168	(1,353,000)	433,597	(77,662)	(75,365)
Net change in fund balances	243,813	(170,985)	(61,980)	(79,721)	(244,665)	1,238,550	925,012	452,287
Fund balance - beginning	877,793	580,220	554,138	524,154	698,918	1,967,707	5,202,930	4,750,643
Fund balance - ending	\$ 1,121,606	\$ 409,235	\$ 492,158	\$ 444,433	\$ 454,253	\$ 3,206,257	\$ 6,127,942	\$ 5,202,930

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 925,012
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:	
Fixed asset additions	\$ 523,862
Depreciation expense	<u>(532,064)</u>
	(8,202)
Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.	
Difference in gain or loss on sale of capital assets	(5,354)
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds.	
	(43,201)
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Repayment of loan principal	78,391
In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.	
	<u>1,104</u>
Change in Net Assets of Governmental Activities	<u>\$ 947,750</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended September 30, 2007

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget: Favorable (Unfavorable)	2006 Actual
Revenues:					
Taxes - property	\$ 781,800	\$ 781,800	\$ 1,008,746	\$ 226,946	\$ 960,817
Taxes - sales and other	425,000	425,000	431,967	6,967	443,097
Fees and fines	346,140	346,140	414,788	68,648	348,144
Intergovernmental	12,500	12,500	8,000	(4,500)	10,000
Interest	94,000	94,000	298,754	204,754	236,436
Grants and miscellaneous	40,400	40,400	79,650	39,250	180,030
Total revenues	1,699,840	1,699,840	2,241,905	542,065	2,178,524
Expenditures:					
General government:					
Commissioners	108,540	108,540	97,727	10,813	97,823
Auditor	193,300	193,300	179,296	14,004	154,702
Treasurer	171,275	171,275	161,012	10,263	153,650
Assessor	332,520	332,520	322,578	9,942	304,216
Ag. extension	159,590	159,590	154,103	5,487	149,173
Buildings	243,242	243,242	183,777	59,465	169,908
County Annex	14,620	14,620	7,331	7,289	12,550
Board of health	98,741	98,741	98,741	-	100,347
Planning and zoning	304,390	304,390	224,093	80,297	169,367
General	479,500	479,500	300,319	179,181	373,095
Civil defense	50,850	56,435	48,564	7,871	16,363
Elections	54,850	54,850	31,875	22,975	197,179
County Administration	207,090	207,090	182,553	24,537	164,565
Veterans officer	6,425	6,425	6,123	302	6,042
Total expenditures	2,424,933	2,430,518	1,998,092	432,426	2,068,980
Excess of rev over(under) expend	(725,093)	(730,678)	243,813	974,491	109,544
Other financing sources (uses):					
Transfers in	240,000	240,000	-	(240,000)	400,000
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	240,000	240,000	-	(240,000)	400,000
Net change in fund balances	(485,093)	(490,678)	243,813	734,491	509,544
Fund balance - beginning	692,766	692,766	877,793	185,027	368,249
Fund balance - ending	\$ 207,673	\$ 202,088	\$ 1,121,606	\$ 919,518	\$ 877,793

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Jail Trust - Special Revenue Fund Year Ended September 30, 2007

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget: Favorable (Unfavorable)	2006 Actual
Revenues:					
Taxes - property	-	-	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	1,265,400	1,265,400	1,124,629	(140,771)	1,276,776
Intergovernmental	442,813	442,813	442,813	-	446,000
Miscellaneous	-	-	-	-	-
Total revenues	1,708,213	1,708,213	1,567,442	(140,771)	1,722,776
Expenditures:					
Public safety:					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,708,213	1,708,213	1,567,442	(140,771)	1,722,776
Other financing sources (uses):					
Transfers in	498,753	498,753	583,753	85,000	599,351
Transfers out	(2,505,482)	(2,505,482)	(2,322,180)	183,302	(2,141,781)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(2,006,729)	(2,006,729)	(1,738,427)	268,302	(1,542,430)
Net change in fund balances	(298,516)	(298,516)	(170,985)	127,531	180,346
Fund balance - beginning	323,276	323,276	580,220	256,944	399,874
Fund balance - ending	\$ 24,760	\$ 24,760	\$ 409,235	\$ 384,475	\$ 580,220

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Solid Waste - Special Revenue Fund Year Ended September 30, 2007

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget: Favorable (Unfavorable)	2006 Actual
Revenues:					
Taxes/use fees	\$ 524,000	\$ 524,000	\$ 518,767	\$ (5,233)	\$ 535,209
Miscellaneous	28,800	28,800	29,305	505	29,078
Total revenues	552,800	552,800	548,072	(4,728)	564,287
Expenditures:					
Landfill costs	620,052	620,052	610,052	10,000	606,008
Total expenditures	620,052	620,052	610,052	10,000	606,008
Excess of rev over(under) expend	(67,252)	(67,252)	(61,980)	5,272	(41,721)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	-	-	-	-	-
Net change in fund balances	(67,252)	(67,252)	(61,980)	5,272	(41,721)
Fund balance - beginning	539,471	539,471	554,138	14,667	595,859
Fund balance - ending	\$ 472,219	\$ 472,219	\$ 492,158	\$ 19,939	\$ 554,138

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Justice - Special Revenue Fund Year Ended September 30, 2007

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget: Favorable (Unfavorable)	2006 Actual
Revenues:					
Taxes - property	\$ 1,599,450	\$ 1,599,450	\$ 1,647,158	\$ 47,708	\$ 1,655,356
Taxes - sales and other	700,000	700,000	662,805	(37,195)	729,896
Fees and fines	203,200	203,200	197,588	(5,612)	196,029
Intergovernmental	1,826,374	1,826,374	1,750,537	(75,837)	1,566,598
Grants and miscellaneous	94,653	94,653	158,296	63,643	163,898
Total revenues	4,423,677	4,423,677	4,416,384	(7,293)	4,311,777
Expenditures:					
Public safety:					
District Court	503,020	503,020	454,818	48,202	455,189
Juvenile justice	201,100	201,100	197,705	3,395	198,760
Prosecuting attorney	388,220	388,220	365,273	22,947	347,176
Public defender	492,015	520,015	491,987	28,028	434,337
Coroner	30,900	30,910	24,092	6,818	22,444
Law buildings	47,185	47,185	42,213	4,972	39,784
Sheriff patrol	1,621,911	1,621,911	1,534,605	87,306	1,593,489
Investigations	328,469	328,469	309,078	19,391	282,852
Dispatch	330,050	330,050	322,670	7,380	321,018
Administration	614,675	614,675	629,797	(15,122)	575,864
Detention center	2,592,722	2,592,722	2,416,212	176,510	2,297,023
Juvenile center	287,823	287,823	287,823	-	266,840
Total expenditures	7,438,090	7,466,100	7,076,273	389,827	6,834,776
Excess of rev over(under) expend	(3,014,413)	(3,042,423)	(2,659,889)	382,534	(2,522,999)
Other financing sources (uses):					
Transfers in	3,390,482	3,390,482	3,078,921	(311,561)	2,775,301
Transfers out	(498,753)	(498,753)	(498,753)	-	(599,351)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	2,891,729	2,891,729	2,580,168	(311,561)	2,175,950
Net change in fund balances	(122,684)	(150,694)	(79,721)	70,973	(347,049)
Fund balance - beginning	527,952	527,952	524,154	(3,798)	871,203
Fund balance - ending	\$ 405,268	\$ 377,258	\$ 444,433	\$ 67,175	\$ 524,154

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual PILT - Expendable Trust Fund Year Ended September 30, 2007

	Original Budget	Final Budget	2007 Actual	Variance with Final Budget: Favorable (Unfavorable)	2006 Actual
Revenues:					
Payment in lieu of taxes	\$ 1,112,393	\$ 1,112,393	\$ 1,108,335	\$ (4,058)	\$ 1,114,850
Miscellaneous	-	-	-	-	-
Total revenues	1,112,393	1,112,393	1,108,335	(4,058)	1,114,850
Expenditures:					
Other public service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,112,393	1,112,393	1,108,335	(4,058)	1,114,850
Other financing sources (uses):					
Transfers in	-	-	-	-	149,228
Transfers out	(1,478,000)	(1,478,000)	(1,353,000)	125,000	(1,373,000)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,478,000)	(1,478,000)	(1,353,000)	125,000	(1,223,772)
Net change in fund balances	(365,607)	(365,607)	(244,665)	120,942	(108,922)
Fund balance - beginning	498,918	498,918	698,918	200,000	807,840
Fund balance - ending	\$ 133,311	\$ 133,311	\$ 454,253	\$ 320,942	\$ 698,918

See accompanying notes to the financial statements.

CASSIA COUNTY

**Statement of Fiduciary Net Assets
Agency Funds
September 30, 2007**

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 351,334
Other Assets	-
Total assets	<u>351,334</u>
LIABILITIES	
Vouchers Payable and Accrued Liabilities	319,881
Deferred Revenue	-
Total liabilities	<u>319,881</u>
NET ASSETS	
Held in Trust	<u>31,453</u>
Total Net Assets	<u><u>\$ 31,453</u></u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cassia County have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities, provided they do not conflict with or contradict GASB pronouncements. A description of the reporting entity and the significant accounting policies of the County is as follows:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Cassia County (the primary government) and the Cassia County Fair Board (the County's component unit). The primary government includes all funds, departments, boards and agencies for which the County elected officials are financially accountable and are not legally separate from the County. The component unit is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

The three member Board of County Commissioners is the legislative and executive body of the County. The County Clerk also serves as Auditor and Recorder, and is the chief fiscal officer. Other elected officials include the Assessor, Prosecutor, Sheriff, Coroner and Treasurer, who also serves as Tax Collector.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the primary government and component unit.

The statement of net assets presents the financial condition of the governmental activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

General Fund (Current Expense Fund)

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Jail Trust

The Jail Trust Fund accounts for the revenue generating activities of the County jail.

Solid Waste Fund

The Solid Waste Fund accounts for the County's activities related to the regional landfill.

Justice Fund

The Justice Fund accounts for the law enforcement activities of the County.

Payment in Lieu of Taxes Fund (PILT)

The PILT Fund accounts for the in-lieu-of taxes received from the federal government.

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the County are all classified as agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

E. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County has no deposit policy for custodial credit risk. At year end, \$3,843,501 of the County's bank balance, including amounts held in agency funds, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Idaho State Local Government Investment Pool	\$ 55,192
Federal Government Agency Bonds	<u>1,838,796</u>
Total Fair Value	\$ 1,893,988

The entire amount of the above investment balance is subject to custodial credit risk because the related securities are uninsured, unregistered or held by a third party which is the counterparty for these particular investments.

Credit Risk: The County's policy is to comply with Idaho State statutes which authorize the County to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

F. Inventory

Inventories at year end are considered immaterial and have not been accounted for.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Infrastructure	10-45 years
Equipment	3-10 years

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

H. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences. See note 4.

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets.

I. Budgets and Budgetary Accounting

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

1. Prior to August 1, the County Auditor's office, after consultation with the various department heads, submits to the county commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. At the regular commissioner's meeting on the 1st Monday in August the tentative budget is submitted to the commissioners and cleared for publication and public comment.
3. A public hearing is held at the regular commissioners' meeting on the 1st Monday in September.
4. The budget is finalized and legally adopted on the 2nd Monday in September.
5. Revisions to the budget can only be made by court order, public hearing or certain emergencies as defined by law. The budgetary data presented in the accompanying financial statements has been amended following these procedures.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds.

The basis of accounting used in preparing the budgets of the County are generally consistent with the basis of accounting used in other financial reporting used by the County.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The hours earned under the County's vacation and sick pay policy are non-vesting accumulations. These accumulations are not material and have not been accrued into these financial statements.

K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

L. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2007

M. Application of Restricted or Unrestricted Resources

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: PROPERTY TAXES

Property taxes are levied on the fourth Monday of November and are payable in two equal installments - December 20 and June 20. Property taxes attach as an enforceable lien on the property immediately upon delinquency. The County assesses, bills and collects its own property taxes as well as taxes for several school districts, cities, highway districts, fire districts, cemetery districts, two small special districts, two flood control districts and a library district. Collection of the County taxes and remittance of them to the various districts are accounted for in the Cassia County Tax Collector Agency Fund and the Taxing District Agency Fund. Property tax revenues are recognized when levied to the extent that they result in current receipts.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/06	Additions	Deletions	Balance 9/30/07
Governmental Activities				
Cost / Historical Value:				
Land (non-depreciable)	\$ 1,027,612	\$ -	\$ -	\$ 1,027,612
Buildings	3,469,044	53,175	-	3,522,219
Improvements other than buildings	422,096	36,415	(6,547)	451,964
Construction in Process	-	-	-	-
Infrastructure assets	9,491,979	-	-	9,491,979
Equipment/Vehicles	2,015,056	434,272	(65,068)	2,384,260
Total	16,425,787	523,862	(71,615)	16,878,034
Accumulated Depreciation:				
Buildings	1,111,437	98,015	-	1,209,452
Improvements other than buildings	274,856	73,429	(6,547)	341,738
Infrastructure assets	9,230,707	24,523	-	9,255,230
Equipment/Vehicles	1,242,212	336,097	(59,713)	1,518,596
Total	11,859,212	532,064	(66,260)	12,325,016
Net Book Value:				
Land (non-depreciable)	1,027,612	-	-	1,027,612
Buildings	2,357,607	(44,840)	-	2,312,767
Improvements other than buildings	147,240	(37,014)	-	110,226
Construction in Process	-	-	-	-
Infrastructure assets	261,272	(24,523)	-	236,749
Equipment/Vehicles	772,844	98,175	(5,355)	865,664
Total	\$ 4,566,575	\$ (8,202)	\$ (5,355)	\$ 4,553,018

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

Component Unit	Balance 9/30/06	Additions	Deletions	Balance 9/30/07
Cost / Historical Value:				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Equipment/Vehicles	51,344	18,200	-	69,544
Total	51,344	18,200	-	69,544
Accumulated Depreciation:				
Equipment/Vehicles	17,788	6,819	-	24,607
Total	17,788	6,819	-	24,607
Net Book Value:				
Land (non-depreciable)	-	-	-	-
Equipment/Vehicles	33,556	11,381	-	44,937
Total	\$ 33,556	\$ 11,381	\$ -	\$ 44,937

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1. Infrastructure assets consist mainly of roads and bridges.

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	\$ 36,218
Highways and Roads	139,390
Public Safety	309,847
Other Public Service	27,154
Culture & Recreation	19,455
Total Governmental Activities Depreciation	<u>\$ 532,064</u>

NOTE 4: LONG-TERM DEBT

In 1995 the County agreed to pay the Southern Idaho Regional Solid Waste District for costs the District incurred to close the County's landfill. The costs, plus interest at 5.31%, were to be repaid over 18 years 6 months. The note is being serviced by the Solid Waste Special Revenue Fund.

The annual requirements to amortize this note are as follows:

FYE Sept. 30:	Principal	Interest	Total
2008	\$ 20,222	\$ 9,368	\$ 29,590
2009	21,296	8,294	29,590
2010	22,427	7,163	29,590
2011	23,618	5,972	29,590
2012	24,872	4,718	29,590
Thereafter	63,985	5,945	69,930
Total	<u>\$ 176,420</u>	<u>\$ 41,460</u>	<u>\$ 217,880</u>

As of September 30, 2007, the notes described above are the only long-term debt obligations of the County. The following is a summary of changes in long-term debt:

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

	Balance at 9/30/2006	Additions	Reductions	Balance at 9/30/2007
Landfill Closure Note	\$ 195,623	\$ -	\$ (19,203)	\$ 176,420
Cat Wheel Loader Note	59,188	-	(59,188)	-
	<u>\$ 254,811</u>	<u>\$ -</u>	<u>\$ (78,391)</u>	<u>\$ 176,420</u>

NOTE 5: PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on member's years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the Plan are available on the PERSI web site or in print upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2007, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The County's contributions required and paid were \$481,165, \$452,321, and \$428,022 for the three years ended September 30, 2007, 2006 and 2005, respectively.

NOTE 6: LITIGATION

There are currently several cases pending against Cassia County. All are either being defended by the County's liability carrier or the County. Any potential loss would be covered by the County's insurance carrier.

NOTE 7: RISK MANAGEMENT/INSURANCE COVERAGE

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. All other insurance has been purchased through ICRMP and expires October 1, but is renewed annually. The policy coverages include: Buildings, Structures and Personal Property/Automobile Physical Damage; Comprehensive General Liability; Automobile Liability; Errors and Omissions; Crime; Boiler and Machinery.

CASSIA COUNTY

Notes to Financial Statements September 30, 2007

NOTE 8: FUND DEFICITS

As of September 30, 2007, the Water Districts Fund had a deficit fund balance of \$9, and the Court Trust Fund had a deficit fund balance of \$315.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

During the year ended September 30, 2007, no funds had expenditures in excess of budget.

NOTE 10: CONTINGENT LIABILITIES / COMMITMENTS

The County is contingently liable for the closure and post-closure expenses of the Southern Idaho Regional Solid Waste District, should they default. Information regarding the closure and post-closure expenses can be obtained from the general purpose financial statements of the Southern Idaho Regional Solid Waste District.

The County has entered into an agreement with Burley Highway District and Albion Highway District to share maintenance and snow removal costs associated with the Howell Canyon Road. The County is contingently liable for approximately \$63,000 per year, its share of the costs as stated in the current agreement.

The County has entered into an agreement with a local dentist to provide dental services to inmates at the Mini-Cassia Criminal Justice Center. Under the terms of the agreement, the County is contingently liable for payments of \$3,800 per month. The contract is renewable annually but can be cancelled by either party with 30 days written notice.

The County has entered into an agreement with a local psychiatrist for psychiatric services to be provided to mental health patients in the County's care. Under the terms of the agreement, the County is contingently liable for payments of \$4,150 per month. The contract is renewable annually.

The County is contingently liable to provide law enforcement services within the Burley City limits under the terms of an agreement with the City of Burley.

NOTE 11: UNCOLLECTED RECEIVABLES

The financial statements do not include an accrual for billed but uncollected amounts relating to inmate housing and indigent assistance. Because the probability of collection is low, and because of the difficulty in determining a reasonable allowance, the County only records these amounts as they are collected.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2007

ASSETS	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Cash and investments	\$ 1,931	\$ 331,862	\$ 31,343	\$ 103,000	\$ 34,945	\$ 11,626	\$ 10,303	\$ 127,303	\$ 86,822	\$ 455,029
Receivables:										
Taxes	3,590	1,076	-	2,411	3,729	3,188	387	6,713	5,408	-
Other	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 5,521	\$ 332,938	\$ 31,343	\$ 105,411	\$ 38,674	\$ 14,814	\$ 10,690	\$ 134,016	\$ 92,230	\$ 455,029

LIABILITIES AND FUND EQUITY

Liabilities:	\$ 576	\$ 7,266	\$ 9,016	\$ 9,882	\$ 13,285	\$ -	\$ -	\$ -	\$ 818	\$ 8,373
Vouchers payable	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	3,214	1,001	-	2,238	3,437	2,931	356	6,183	4,995	-
Total liabilities	3,790	8,267	9,016	12,120	16,722	2,931	356	6,183	5,813	8,373
Fund Balance:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	1,731	324,671	22,327	93,291	21,952	11,883	10,334	127,833	86,417	446,656
Total fund balances	1,731	324,671	22,327	93,291	21,952	11,883	10,334	127,833	86,417	446,656
Total liab. and fund bal.	\$ 5,521	\$ 332,938	\$ 31,343	\$ 105,411	\$ 38,674	\$ 14,814	\$ 10,690	\$ 134,016	\$ 92,230	\$ 455,029

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 2 of 3)
September 30, 2007

	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redemptl.	Drug Task Force	DARE Trust
ASSETS											
Cash and investments	\$ 6,610	\$ 71,356	\$ 12,404	\$ -	\$ 41,906	\$ 8,963	\$ 17,679	\$ 66,625	\$ 35,522	\$ 22,369	\$ 11,545
Receivables:											
Taxes	-	-	-	-	-	-	-	-	2,195	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,610	\$ 71,356	\$ 12,404	\$ -	\$ 41,906	\$ 8,963	\$ 17,679	\$ 66,625	\$ 37,717	\$ 22,369	\$ 11,545

LIABILITIES AND FUND EQUITY

Liabilities:											
Vouchers payable	\$ 6,610	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	2,046	-	-
Total liabilities	6,610	85	-	-	-	-	-	-	2,046	-	-
Fund Balance:											
Reserved	-	-	-	-	-	-	-	-	35,671	-	-
Unreserved	-	71,271	12,404	-	41,906	8,963	17,679	66,625	-	22,369	11,545
Total fund balances	-	71,271	12,404	-	41,906	8,963	17,679	66,625	35,671	22,369	11,545
Total liab. and fund bal.	\$ 6,610	\$ 71,356	\$ 12,404	\$ -	\$ 41,906	\$ 8,963	\$ 17,679	\$ 66,625	\$ 37,717	\$ 22,369	\$ 11,545

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 3 of 3)
September 30, 2007

	Court Facilities	Physical Facilities	Jail Commissary	Law Enforcement	Cassia County Benefits	Adult Misdemeanor Probation	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
ASSETS									
Cash and investments	\$ 124,185	\$ 1,200,412	\$ 10,618	\$ -	\$ 355,774	\$ 61,861	\$ 17,030	\$ 2,737	\$ 3,261,760
Receivables:									
Taxes	-	-	-	-	-	-	-	-	28,697
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-
Total assets	\$ 124,185	\$ 1,200,412	\$ 10,618	\$ -	\$ 355,774	\$ 61,861	\$ 17,030	\$ 2,737	\$ 3,290,457

LIABILITIES AND FUND EQUITY

Liabilities:	\$ -	\$ 121	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ -	\$ 57,799
Vouchers payable	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	26,401
Deferred revenue	-	-	-	-	-	-	-	-	84,200
Total liabilities	-	121	-	-	-	1,767	-	-	-
Fund Balance:									
Reserved	-	-	-	-	-	-	-	-	35,671
Unreserved	124,185	1,200,291	10,618	-	355,774	60,094	17,030	2,737	3,170,586
Total fund balances	124,185	1,200,291	10,618	-	355,774	60,094	17,030	2,737	3,206,257
Total liab. and fund bal.	\$ 124,185	\$ 1,200,412	\$ 10,618	\$ -	\$ 355,774	\$ 61,861	\$ 17,030	\$ 2,737	\$ 3,290,457

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2007

	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 70,664	\$ 39,762	\$ 30,162	\$ 60,549	\$ 82,953	\$ 67,764	\$ 8,358	\$ 150,450	\$ 123,690	\$ -
Taxes - sales and other	184,220	4,909	8,553	10,294	14,780	12,295	1,497	26,495	21,945	-
Fees and fines	-	164,453	-	-	-	-	-	-	-	249,156
Intergovernmental	-	-	171,347	11,591	-	-	-	69,586	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	229,365	405	198,493	12,530	-	-	-	-	-	-
Total revenues	484,249	209,529	408,555	94,964	97,733	80,059	9,855	246,531	145,635	249,156
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	662,339	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	591,528	-	-	-	-	-	-	64,350
Public safety	-	-	-	-	169,748	-	-	321,550	159,692	-
Other public service	-	151,699	-	161,506	-	43,040	10,000	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	662,339	151,699	591,528	161,506	169,748	43,040	10,000	321,550	159,692	64,350
Excess of revenues over (under) expenditures	(178,090)	57,830	(182,973)	(66,542)	(72,015)	37,019	(145)	(75,019)	(14,057)	184,806
Other financing sources (uses)										
Transfers in	165,000	-	125,000	55,000	50,000	35,000	-	135,000	38,000	-
Transfers out	-	-	-	-	-	(77,662)	-	-	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	165,000	-	125,000	55,000	50,000	(42,662)	-	135,000	38,000	-
Net change in fund balances	(13,090)	57,830	(57,973)	(11,542)	(22,015)	(5,643)	(145)	59,981	23,943	184,806
Fund balance - beginning	14,821	266,841	80,300	104,833	43,967	17,526	10,479	67,852	62,474	261,850
Fund balance - ending	\$ 1,731	\$ 324,671	\$ 22,327	\$ 93,291	\$ 21,952	\$ 11,883	\$ 10,334	\$ 127,833	\$ 86,417	\$ 446,656

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds (continued, page 2 of 3)
Year Ended September 30, 2007

	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force	DARE Trust
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,177	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	8,977	-	-
Fees and fines	32,587	14,804	147,235	-	-	2,596	8,330	1,006	-	19,148	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	-	11,291	-	-	-	-	-	-	-	68,696	1,143
Total revenues	32,587	26,095	147,235	-	-	2,596	8,330	1,006	15,154	87,844	1,143
Expenditures:											
General government	-	-	146,713	-	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	88	-	-	6,000	500	-	98,058	5,284
Other public service	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	25,846	12,528	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,846	12,528	146,713	-	88	-	6,000	500	-	98,058	5,284
Excess of revenues over (under) expenditures	6,741	13,567	522	-	(88)	2,596	2,330	506	15,154	(10,214)	(4,141)
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(6,741)	-	-	-	-	(6,240)	-	-	-	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	(6,741)	-	-	-	-	(6,240)	-	-	-	-	-
Net change in fund balances	-	13,567	522	-	(88)	(3,644)	2,330	506	15,154	(10,214)	(4,141)
Fund balance - beginning	-	57,704	11,882	-	41,994	12,607	15,349	66,119	20,517	32,583	15,686
Fund balance - ending	\$ -	\$ 71,271	\$ 12,404	\$ -	\$ 41,906	\$ 8,963	\$ 17,679	\$ 66,625	\$ 35,671	\$ 22,369	\$ 11,545

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds (continued, page 3 of 3)
Year Ended September 30, 2007

	Court Facilities	Physical Facilities	Jail Commissary	Law Enforcement	Cassia County Benefits	Adult Misdemeanor Probation	Widow's Benefit	Warrant Redemption	Total Nonmajor Governmental Funds
Revenues:									
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	640,529
Taxes - sales and other	-	-	-	-	-	-	-	-	293,965
Fees and fines	11,100	-	-	-	-	197,207	-	-	847,622
Intergovernmental	-	817,901	-	-	1,682,339	-	-	-	2,752,764
Interest	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	-	45,016	70,734	-	-	-	-	-	637,673
Total revenues	11,100	862,917	70,734	-	1,682,339	197,207	-	-	5,172,553
Expenditures:									
General government	-	25,022	-	-	1,530,666	-	-	-	1,702,401
Indigent Assistance	-	-	-	-	-	-	-	-	662,339
Highways and roads	-	-	-	-	-	-	-	-	591,528
Public safety	-	-	-	-	-	181,443	-	-	520,187
Other public service	-	-	-	-	-	-	-	-	799,731
Culture and recreation	-	-	-	-	-	-	-	-	91,414
Debt Service	-	-	-	-	-	-	-	-	-
Total expenditures	-	25,022	-	-	1,530,666	181,443	-	-	4,367,600
Excess of revenues over (under) expenditures	11,100	837,895	70,734	-	151,673	15,764	-	-	804,953
Other financing sources (uses)									
Transfers in	-	-	-	-	-	6,240	-	-	609,240
Transfers out	-	-	(85,000)	-	-	-	-	-	(175,643)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	(85,000)	-	-	6,240	-	-	433,597
Net change in fund balances	11,100	837,895	(14,266)	-	151,673	22,004	-	-	1,238,550
Fund balance - beginning	113,085	362,396	24,884	-	204,101	38,090	17,030	2,737	1,967,707
Fund balance - ending	\$ 124,185	\$ 1,200,291	\$ 10,618	\$ -	\$ 355,774	\$ 60,094	\$ 17,030	\$ 2,737	\$ 3,206,257

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2007

	Range Improv Fund	Assessor Trust Fund	State Fund	Water Districts Fund	Court Trust	Taxing Districts Fund	Court Bonds
ASSETS							
Cash and Investments	\$ -	\$ 149,321	\$ 203	\$ -	\$ -	\$ -	\$ 34,127
Other Assets	-	-	-	-	-	-	-
Total assets	-	149,321	203	-	-	-	34,127
LIABILITIES							
Vouchers Payable	-	-	203	9	315	-	-
Accrued liabilities	-	149,321	-	-	-	-	7,251
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	-	149,321	203	9	315	-	7,251
NET ASSETS							
Held in Trust	-	-	-	(9)	(315)	-	26,876
Total Net Assets	\$ -	\$ -	\$ -	(9)	(315)	\$ -	\$ 26,876

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets
Agency Funds (continued, page 2 of 2)
September 30, 2007

	Court Restitution	Judgments Trust	Box Elder Bookmobile	Sheriffs Account	Tax Collector Account	Total Agency Funds
ASSETS						
Cash and Investments	\$ 3,446	\$ 100,780	\$ 1,930	\$ 4,021	\$ 57,506	\$ 351,334
Other Assets	-	-	-	-	-	-
Total assets	3,446	100,780	1,930	4,021	57,506	351,334
LIABILITIES						
Vouchers Payable	475	100,780	-	4,021	57,506	163,309
Accrued liabilities	-	-	-	-	-	156,572
Deferred Revenue	-	-	-	-	-	-
Total liabilities	475	100,780	-	4,021	57,506	319,881
NET ASSETS						
Held in Trust	2,971	-	1,930	-	-	31,453
Total Net Assets	\$ 2,971	\$ -	\$ 1,930	\$ -	\$ -	\$ 31,453

See accompanying notes to the financial statements.

Evans & Poulsen P.A.

Certified Public Accountants

*Members of the American Institute of CPA's
and the Idaho Society of CPA's*

Edward G. Evans, CPA

Jeffrey D. Poulsen, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Cassia County, Idaho

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cassia County as of and for the year ended September 30, 2007, which collectively comprise Cassia County's basic financial statements and have issued our report thereon dated January 23, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2007-1 described in the accompanying schedule to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the County'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*.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Evans & Poulsen

EVANS & POULSEN, PA

January 23, 2008

CASSIA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2007

Finding 2007-1: Lack of ability to independently prepare financial statements and related footnote disclosures

Condition: The County does not have the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

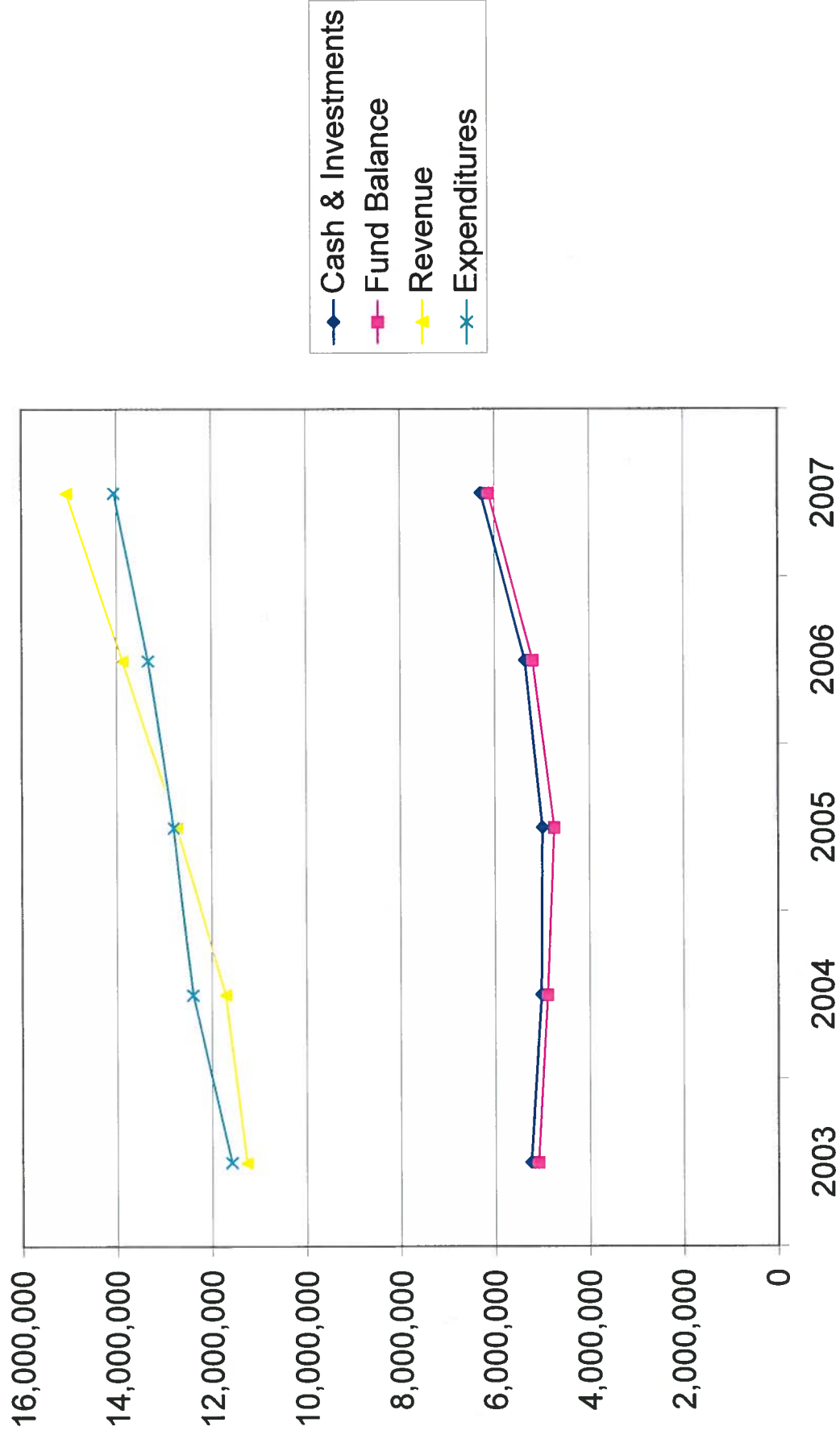
Criteria: Inherent in an adequate internal control structure is the ability to independently prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

Effect: The lack of this ability may result in more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the County's internal control.

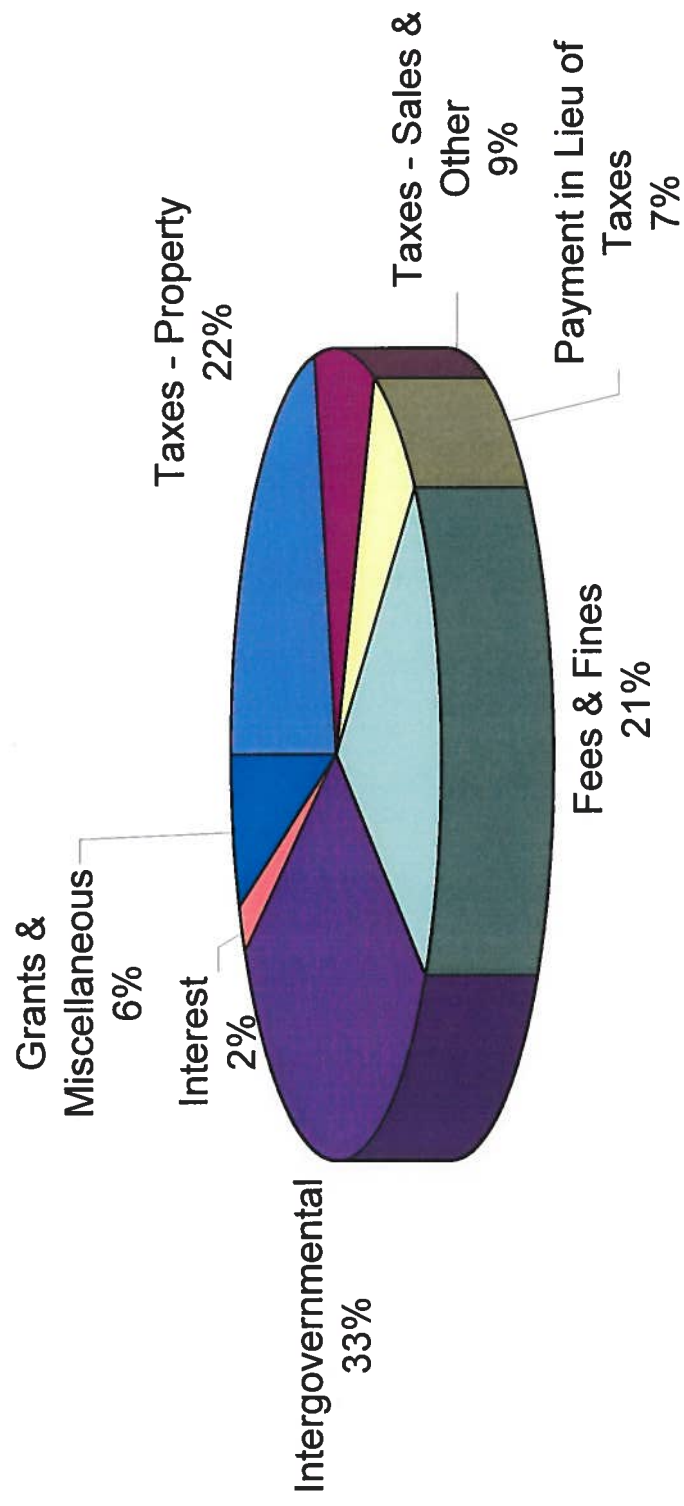
Recommendation: It is suggested the County arrange for sufficient training of accounting personnel in order to provide them with the expertise necessary to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Alternatively, the County could contract with an individual or firm other than the audit firm to prepare the financial statements and related footnote disclosures.

Response: We, the management of Cassia County, believe the benefit would be outweighed by the cost training our accounting personnel or contracting with another individual or firm to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles. We have requested that the auditors assist in drafting the financial statements and related footnote disclosures during the course of the audit. We have reviewed, approved and accepted responsibility for those financial statements prior to their issuance.

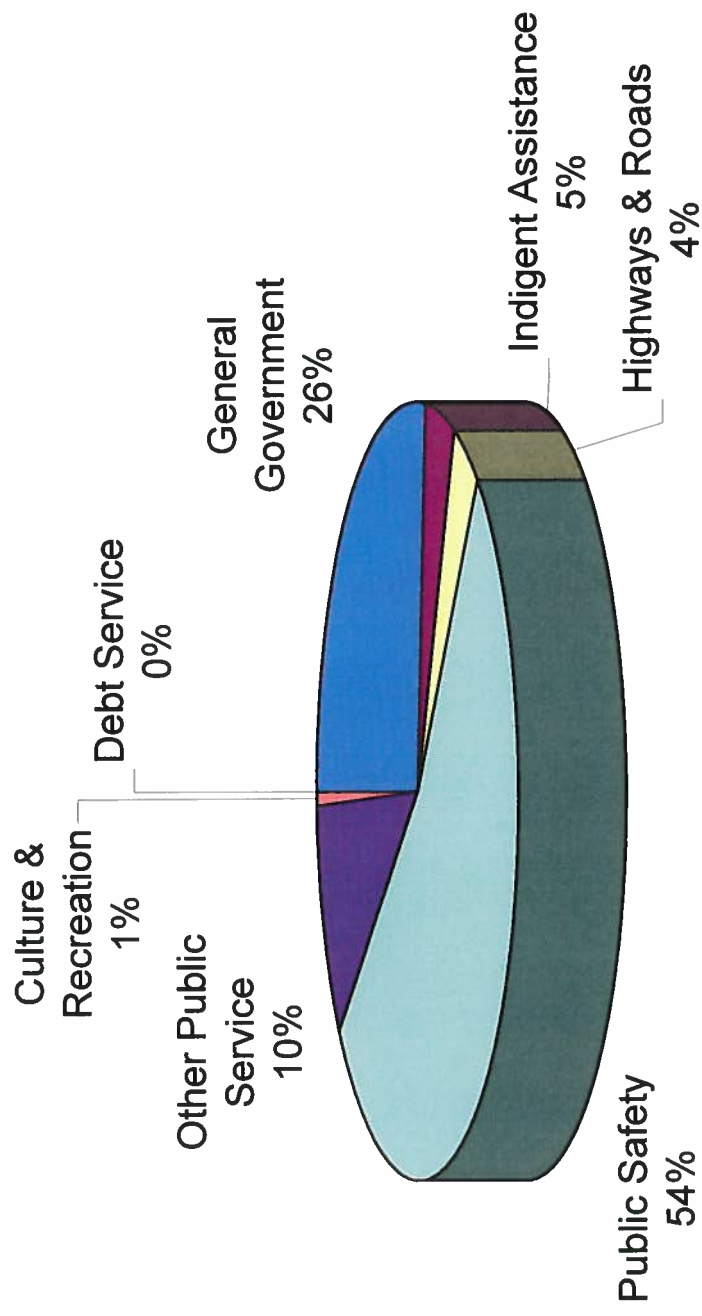
CASSIA COUNTY GOVERNMENTAL FUNDS



CASSIA COUNTY REVENUES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2007



CASSIA COUNTY EXPENDITURES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2007





COUNTY OF CASSIA
County Clerk Office

LARRY A. MICKELSEN
Clerk of the District Court
lmickelsen@cassiacounty.org
www.cassiacounty.org

1459 Overland Avenue
BURLEY, IDAHO 83318
208-878-1004
208-878-5830 Fax

Fax Cover Sheet

DATE: January 23, 2008

FROM : CASSIA COUNTY
1459 OVERLAND AVE
BURLEY, ID 83318
Attn.: Donna
(208) 878-1004 Telephone
(208) 878-5830 Fax

TO: **Prosecuting Attorney**
Al Barrus
208-878-0419 Telephone
208-878-2924 Fax

NUMBER OF PAGES (INCLUDING COVER SHEET) 3

Response needed. If you need any further information or have any questions, please contact me at the above number or address or at dbush@cassiacounty.org. Thank you.



COUNTY OF CASSIA
County Clerk Office

LARRY A. MICKELSEN
Clerk of the District Court
lmickelsen@cassiacounty.org
www.cassiacounty.org

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Burley, ID 83318
208-878-1004 Telephone
208-878-5830 Fax

January 23, 2008

Mr. Alfred E. Barrus, Attorney
1918 Overland Ave.
Burley, Idaho 83318

Dear Al:

Our auditors, Evans & Poulsen, CPA's, 1360 Albion Avenue, Burley, Idaho 83318, are conducting an audit of our financial statements as of September 30, 2007 and for the year then ended. Please furnish to them the information requested below involving matters as to which you have been engaged and to which you have devoted substantive attention on behalf of Cassia County in the form of legal consultation or representation.

Pending or Threatened Litigation, Claims, and Assessments
(excluding unasserted claims and assessments)

Please furnish our auditors a description of all material pending or threatened litigation, claims and assessments (excluding unasserted claims and assessments). The description of each case should include:

- a. the nature of litigation;
- b. the progress of the case to date;
- c. how management of Cassia County is responding or intends to respond to the litigation; e.g., to contest the case vigorously or to seek an out-of-court settlement; and
- d. an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss

Also, please identify any pending or threatened litigation, claims, and assessments with respect to which you have been engaged but as to which you have not devoted substantive attention.

Unasserted Claims and Assessments

We understand that whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5 (excerpts of which can be found in the ABA's *Auditor's Letter Handbook*). Please specifically confirm to our auditors that our understanding is correct.

We have represented to our auditors that there are no unasserted possible claims or assessments that you have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

Response

Your response should include matters that existed as of January 23, 2008, and during the period from that date to the effective date of your response. Please specify the date of your response if it is other than the date of reply.

Please specifically identify the nature of, and reasons for, any limitations on your response.

Very truly yours,

CASSIA COUNTY

By 