

CASSIA COUNTY

**BASIC FINANCIAL STATEMENTS
With Supplemental Information**

September 30, 2006

**EVANS & POULSEN, PA
Certified Public Accountants
Burley, Idaho 83318**

CASSIA COUNTY
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2006
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Title Page	
Table of Contents	2
Transmittal Letter	3 - 4
FINANCIAL SECTION	
Independent Auditor's Report	6 - 7
Management Discussion and Analysis	8 - 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to the	
Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual:	
General Fund	23
Jail Trust Fund	24
Solid Waste Fund	25
Justice Fund	26
PILT	27
Statement of Fiduciary Net Assets - Agency Funds	28
Notes to the Financial Statements	29 - 36
Combining Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	37 - 39
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	40 - 42
Combining Statement of Fiduciary Net Assets - Agency Funds	43 - 44
Independent Auditor's Report on Compliance and Internal Control	45



COUNTY OF CASSIA

COURTHOUSE

1459 Overland Avenue
BURLEY, IDAHO

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

PHONE: 208-878-5231

FAX: 208-878-1003

e-mail: lmickelsen@cassiacounty.org

January 27, 2007

Honorable Members
Board of Cassia County 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, 2006.

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 black ink, appearing to read "Larry A. Mickelsen", with a long horizontal flourish extending to the right.

Larry A. Mickelsen
Clerk, 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, 2006, 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 2005 financial statements and, in our report dated January 17, 2006, 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, 2006, 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 24, 2007, 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 24, 2007

Management Discussion and Analysis
Cassia County
For the Year Ended September 30, 2006

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, 2005 through September 30, 2006. 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 chief executive 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, slowdown in employment levels, State funding hold backs, legislative exemptions, federal funded hold backs to local programs, increase to medical premium costs, increased costs to 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 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. And although they are all contained in the County Budget, they cannot be intermingled. The levy funds come from property tax dollars.

The Major Funds listed show the 2004 County Tax Levy Per \$1.00 Assessed Market Value.

Taxing Funds
Current Expense: .248221
Fair: .022640
Justice: .539469
Ambulance: .026019
Indigent: .011828
Community College: .045618
Revaluation: .037846
Weed & Pest: .0018585
Historical Society: .002703
Tort: No Limit
Total: 1.000000

2005-2006 Levy Rate = .003414889

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 funds are all revenue
 or collected fees which
 do not affect 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 9-30-04	\$313,352	\$ 978,494
FY Ending 9-30-05	<u>\$123,515</u>	<u>\$ 414,021</u>
	-\$189,837	-\$ 564,473

The cash balance in Current Expense shows a decrease of 39%

The cash balance in Justice shows a decrease of 42%

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

	<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	-\$249,175

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

The cash balance in Justice shows a decrease of 39%.

This gives an indication that the measures imposed in Fiscal Year 2005-2006 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 very slight given the overall obligation of the services provided by the fund. 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. 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. The County has contracted 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. It is important to note that the Jail Bond payments were completed in 2005 and the Bond was paid in full.

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 Balance for the Current Expense Fund at the end of FY2007 is projected to be about the same as at the end of FY2006. The Fund Balance for the Justice Fund is projected to increase by about 40% at the end of FY2007.

The expenditures for Indigent Medical costs are continuing to increase at an alarming rate. The Budgeted amount will not be sufficient for FY2007 at this time; however collection efforts have increased and are having positive effects. A collection letter signed by the County Attorney has 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. 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, 2006, there was a 5% salary increase to each Department for the County Employees, the Elected Officials and the Department Heads received a 3% salary increase. The County has an excellent medical and other benefits plan. In fiscal year ending September 30, 2006, the major medical premiums were not increased 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 2007, to successfully retain the current County employees, as they are well-trained, contributing members of the County Departments. 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.

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 2006 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 2007 will be to improve our inventory procedures and reporting in a timely manner. 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, as 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 will be facing the Commissioners in Year 2007 will be the expense of the Indigent Medical Assistance program, and how to fund it. It is possible that this will have a negative impact on existing County department budgets.

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 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, 2006

	<u>Primary Government</u> <u>Government Activities</u>	
	2006	2005
<hr/>		
ASSETS		
Cash and Investments	\$ 5,367,727	\$ 5,003,482
Receivables:		
Taxes	230,276	275,492
Other	7,500	489,185
Restricted Assets:		
Cash		447
Taxes Receivable		433
Capital Assets:		
Land	1,027,612	997,572
Other Capital Assets, Net of Depreciation	<u>3,538,963</u>	<u>3,217,293</u>
Total Assets	<u>10,172,078</u>	<u>9,983,904</u>
LIABILITIES		
Vouchers Payable and Accrued Liabilities	198,483	756,538
Interest Payable	5,857	2,479
Long-Term Liabilities:		
Due Within One Year	78,391	77,422
Due in More Than One Year	<u>176,420</u>	<u>195,623</u>
Total Liabilities	<u>459,151</u>	<u>1,032,062</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	4,311,764	3,941,820
Restricted for Debt Service		880
Unrestricted	<u>5,401,163</u>	<u>5,009,142</u>
Total Net Assets	<u>\$ 9,712,927</u>	<u>\$ 8,951,842</u>

CASSIA COUNTY

Statement of Activities For the Year Ended September 30, 2006

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,043,641	\$ 477,822	\$ 5,051	\$ 156,000
Indigent Assistance	341,737	172,728		
Highways and Roads	322,081			65,584
Public Safety	7,253,742	3,673,155	137,016	120,641
Other Public Service	1,406,394	735,778	66,744	
Culture and Recreation	131,785	41,377		6,179
Interest	15,449			
Total Governmental Activities	11,514,829	5,100,860	208,811	348,404
Component Unit:				
Cassia County Fair & Rodeo	244,458	211,532		

<u>General Revenues</u>	<u>Primary Government Governmental Activities</u>	
	2006	2005
Property Taxes Levied for:		
General Purposes	1,309,830	1,131,532
Indigent Assistance	37,745	190,498
Highways and Roads	30,248	18,452
Public Safety	1,725,007	1,635,639
Bond Interest and Redemption	144,097	1,868
In Lieu of Taxes	1,114,850	1,112,393
Sales and Other Taxes	1,632,368	1,469,863
Investment Earnings	237,001	155,123
Miscellaneous	447,007	422,670
Gain/(Loss) on Sale of Capital Assets	15,093	13,582
Transfers	(75,400)	(63,470)
Total General Revenues and Transfers	6,617,839	6,103,205
Change in Net Assets	761,085	221,280
Net Assets Beginning of Year	8,951,842	8,730,562
Net Assets End of Year	9,712,927	8,951,842

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CASSIA COUNTY

Statement of Net Assets September 30, 2006

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS				
Cash and Investments	\$ 5,367,727	\$ 5,003,482	\$ 122,063	\$ 73,405
Receivables:				
Taxes	230,276	275,492	-	-
Other	7,500	489,185	-	-
Prepaid Expenses	-	-	-	-
Due From Other Governments	-	-	-	-
Inventory - Note 1	-	-	-	-
Restricted Assets:				
Cash	-	447	-	-
Taxes Receivable	-	433	-	-
Capital Assets - Note 3:				
Land	1,027,612	997,572	-	-
Other Capital Assets, Net of Depreciation	3,538,963	3,217,293	33,556	38,555
Other Assets	-	-	-	-
Total assets	10,172,078	9,983,904	155,619	111,960
LIABILITIES				
Vouchers Payable and Accrued Liabilities	198,483	756,538	-	-
Deferred Revenue	-	-	-	-
Interest Payable	5,857	2,479	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	78,391	77,422	-	-
Due in More Than One Year	176,420	195,623	-	-
Total liabilities	459,151	1,032,062	-	-
NET ASSETS				
Invested in Capital Assets, net of related debt	4,311,764	3,941,820	33,556	38,555
Restricted for:				
Debt Service	-	880	-	-
Unrestricted	5,401,163	5,009,142	122,063	73,405
Total Net Assets	\$ 9,712,927	\$ 8,951,842	\$ 155,619	\$ 111,960

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Activities
For the Year Ended September 30, 2006

For the Year Ended September 30, 2006									
Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating		Primary Government Governmental Activities	Component Unit Fair Board			
			Grants and Contributions	Capital Grants and Contributions		2006	2005	2006	2005
Governmental Activities:									
General Government	\$ 2,043,641	\$ 477,822	\$ 5,051	\$ 156,000	\$ (1,404,768)	\$ (1,539,528)			
Indigent Assistance	341,737	172,728	-	-	(169,009)	(252,820)			
Highways and Roads	322,081	-	-	65,584	(256,497)	(349,620)			
Public Safety	7,253,742	3,673,155	137,016	120,641	(3,322,930)	(3,079,248)			
Other Public Service	1,406,394	735,778	66,744	-	(603,872)	(565,881)			
Culture and Recreation	131,785	41,377	-	6,179	(84,229)	(67,067)			
Interest	15,449	-	-	-	(15,449)	(27,761)			
Total Governmental Activities	\$ 11,514,829	\$ 5,100,860	\$ 208,811	\$ 348,404	(5,856,754)	(5,881,925)			
Component Unit:									
Cassia County Fair & Rodeo	\$ 244,458	\$ 211,532	\$ -	\$ -	\$	(32,926)	\$	(65,202)	
General Revenues									
Property Taxes Levied for:									
General Purposes					1,309,823	1,131,532	-	-	
Indigent Assistance					37,745	190,498	-	-	
Highways and Roads					30,248	18,452	-	-	
Public Safety					1,725,007	1,635,639	-	-	
Bond Interest & Redemption					144,097	1,868	-	-	
In Lieu of Taxes					1,114,850	1,127,448	-	-	
Sales & Other Taxes					1,632,368	1,469,863	-	-	
Investment Earnings					237,001	155,123	1,185	740	
Miscellaneous					447,007	422,670	-	-	
Gain/(Loss) on Sale of Capital Assets					15,093	13,582	-	-	
Transfers					(75,400)	(63,470)	75,400	69,000	
Total General Revenues and Transfers					6,617,839	6,103,205	76,585	69,740	
Change in Net Assets					761,085	221,280	43,659	4,538	
Net Assets Beginning of Year					8,951,842	8,730,562	111,960	107,422	
Net Assets End of Year					\$ 9,712,927	\$ 8,951,842	\$ 155,619	\$ 111,960	

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Governmental Funds
September 30, 2006

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2006	Total Govt Funds 2005
ASSETS								
Cash and investments	\$ 913,698	\$ 580,280	\$ 550,499	\$ 598,655	\$ 698,918	\$ 2,025,677	\$ 5,367,727	\$ 5,003,482
Receivables:								
Taxes	44,170	-	41,301	102,895	-	41,910	230,276	275,492
Other	7,500	-	-	-	-	-	7,500	489,185
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	880
Total assets	\$ 965,368	\$ 580,280	\$ 591,800	\$ 701,550	\$ 698,918	\$ 2,067,587	\$ 5,605,503	\$ 5,769,039

LIABILITIES AND FUND EQUITY

Liabilities:								
Vouchers payable	\$ 48,661	\$ 60	\$ -	\$ 86,728	\$ -	\$ 63,034	\$ 198,483	\$ 271,081
Accrued liabilities	-	-	-	-	-	-	-	485,457
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	38,914	-	37,662	90,668	-	36,846	204,090	261,858
Total liabilities	87,575	60	37,662	177,396	-	99,880	402,573	1,018,396
Fund Balance:								
Reserved - Debt service	-	-	-	-	-	20,517	20,517	880
Unreserved								
General	877,793	-	-	-	-	-	877,793	368,249
Special revenue	-	580,220	554,138	524,154	698,918	1,947,190	4,304,620	4,381,514
Total fund balances	877,793	580,220	554,138	524,154	698,918	1,967,707	5,202,930	4,750,643
Total liabilities and fund balances	\$ 965,368	\$ 580,280	\$ 591,800	\$ 701,550	\$ 698,918	\$ 2,067,587	\$ 5,605,503	\$ 5,769,039

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities September 30, 2006

Total Governmental Fund Balances	\$ 5,202,930
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.	4,566,575
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	204,090
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	(195,623)
Note Payable to Wells Fargo Bank	(59,188)
Accrued Interest Payable	<u>(5,857)</u>
Net Assets of Governmental Activities	<u>\$ 9,712,927</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, 2006

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2006	Total Govt Funds 2005
Revenues:								
Taxes - property	\$ 960,817	\$ -	\$ -	\$ 1,655,356	\$ -	\$ 688,513	\$ 3,304,686	\$ 2,940,254
Taxes - sales and other	443,097	-	-	729,896	-	154,226	1,327,219	1,240,145
Payment in lieu of taxes	-	-	-	-	1,114,850	-	1,114,850	1,127,448
Fees and fines	348,144	1,276,776	564,287	196,029	-	739,125	3,124,361	2,868,062
Intergovernmental	10,000	446,000	-	1,566,598	-	1,825,264	3,847,862	3,918,973
Interest	236,436	-	-	-	-	565	237,001	155,123
Grants and miscellaneous	180,030	-	-	163,898	-	571,422	915,350	477,501
Total revenues	2,178,524	1,722,776	564,287	4,311,777	1,114,850	3,979,115	13,871,329	12,727,506
Expenditures:								
General government	2,068,980	-	-	-	-	1,620,722	3,689,702	3,190,988
Indigent Assistance	-	-	-	-	-	341,737	341,737	488,196
Highways and roads	-	-	-	-	-	347,484	347,484	417,949
Public safety	-	-	-	6,834,776	-	572,849	7,407,625	6,935,814
Other public service	-	-	606,008	-	-	835,664	1,441,672	1,384,793
Culture and recreation	-	-	-	-	-	114,742	114,742	100,726
Debt Service	-	-	-	-	-	715	715	294,030
Total expenditures	2,068,980	-	606,008	6,834,776	-	3,833,913	13,343,677	12,812,496
Excess of rev over(under) expend	109,544	1,722,776	(41,721)	(2,522,999)	1,114,850	145,202	527,652	(84,990)
Other financing sources (uses)								
Transfers in	400,000	599,351	-	2,775,301	149,228	573,000	4,496,880	4,575,596
Transfers out	-	(2,141,781)	-	(599,351)	(1,373,000)	(458,113)	(4,572,245)	(4,639,066)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other fin sources(uses)	400,000	(1,542,430)	-	2,175,950	(1,223,772)	114,887	(75,365)	(63,470)
Net change in fund balances	509,544	180,346	(41,721)	(347,049)	(108,922)	260,089	452,287	(148,460)
Fund balance - beginning	368,249	399,874	595,859	871,203	807,840	1,707,618	4,750,643	4,899,103
Fund balance - ending	\$ 877,793	\$ 580,220	\$ 554,138	\$ 524,154	\$ 698,918	\$ 1,967,707	\$ 5,202,930	\$ 4,750,643

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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 452,287

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	\$ 620,707	
Depreciation expense	<u>(278,497)</u>	
		342,210

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	9,500
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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.

(57,766)

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	18,232
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In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.

(3,378)

Change in Net Assets of Governmental Activities	<u>\$ 761,085</u>
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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, 2006

	Original Budget	Final Budget	2006 Actual	Variance with Final Budget: Favorable (Unfavorable)	2005 Actual
Revenues:					
Taxes - property	\$ 706,200	\$ 706,200	\$ 960,817	\$ 254,617	\$ 805,727
Taxes - sales and other	406,000	406,000	443,097	37,097	399,940
Fees and fines	333,900	333,900	348,144	14,244	358,693
Intergovernmental	14,250	14,250	10,000	(4,250)	13,125
Interest	188,000	188,000	236,436	48,436	155,123
Grants and miscellaneous	8,900	8,900	180,030	171,130	51,563
Total revenues	1,657,250	1,657,250	2,178,524	521,274	1,784,171
Expenditures:					
General government:					
Commissioners	102,860	102,860	97,823	5,037	108,508
Auditor	173,470	173,470	154,702	18,768	141,585
Treasurer	163,305	163,305	153,650	9,655	139,036
Assessor	314,757	314,757	304,216	10,541	295,244
Ag. extension	152,119	152,119	149,173	2,946	160,809
Buildings	204,280	204,280	169,908	34,372	160,127
County Annex	19,550	19,550	12,550	7,000	9,394
Board of health	100,347	100,347	100,347	-	101,670
Planning and zoning	270,125	270,125	169,367	100,758	142,448
General	468,500	468,500	373,095	95,405	404,473
Civil defense	17,702	17,702	16,363	1,339	14,998
Elections	52,950	52,950	197,179	(144,229)	26,660
County Administration	198,250	198,250	164,565	33,685	146,161
Veterans officer	6,248	6,248	6,042	206	5,649
Total expenditures	2,244,463	2,244,463	2,068,980	175,483	1,856,762
Excess of rev over(under) expend	(587,213)	(587,213)	109,544	696,757	(72,591)
Other financing sources (uses):					
Transfers in	600,000	600,000	400,000	(200,000)	162,500
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	600,000	600,000	400,000	(200,000)	162,500
Net change in fund balances	12,787	12,787	509,544	496,757	89,909
Fund balance - beginning	368,249	368,249	368,249	-	278,340
Fund balance - ending	\$ 381,036	\$ 381,036	\$ 877,793	\$ 496,757	\$ 368,249

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, 2006

	Original Budget	Final Budget	2006 Actual	Variance with Final Budget: Favorable (Unfavorable)	2005 Actual
Revenues:					
Taxes - property	-	-	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	1,042,900	1,042,900	1,276,776	233,876	1,085,014
Intergovernmental	446,370	446,370	446,000	(370)	525,837
Miscellaneous	-	-	-	-	-
Total revenues	1,489,270	1,489,270	1,722,776	233,506	1,610,851
Expenditures:					
Public safety:					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,489,270	1,489,270	1,722,776	233,506	1,610,851
Other financing sources (uses):					
Transfers in	599,351	599,351	599,351	-	676,146
Transfers out	(2,448,607)	(2,448,607)	(2,141,781)	306,826	(2,194,828)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,849,256)	(1,849,256)	(1,542,430)	306,826	(1,518,682)
Net change in fund balances	(359,986)	(359,986)	180,346	540,332	92,169
Fund balance - beginning	399,874	399,874	399,874	-	307,705
Fund balance - ending	\$ 39,888	\$ 39,888	\$ 580,220	\$ 540,332	\$ 399,874

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, 2006

	Original Budget	Final Budget	2006 Actual	Variance with Final Budget: Favorable (Unfavorable)	2005 Actual
Revenues:					
Taxes/use fees	\$ 500,900	\$ 500,900	\$ 535,209	\$ 34,309	\$ 493,899
Miscellaneous	28,600	28,600	29,078	478	26,845
Total revenues	529,500	529,500	564,287	34,787	520,744
Expenditures:					
Landfill costs	616,008	616,008	606,008	10,000	562,597
Total expenditures	616,008	616,008	606,008	10,000	562,597
Excess of rev over(under) expend	(86,508)	(86,508)	(41,721)	44,787	(41,853)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	-	-	-	-	-
Net change in fund balances	(86,508)	(86,508)	(41,721)	44,787	(41,853)
Fund balance - beginning	595,859	595,859	595,859	-	637,712
Fund balance - ending	\$ 509,351	\$ 509,351	\$ 554,138	\$ 44,787	\$ 595,859

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, 2006

	Original Budget	Final Budget	2006 Actual	Variance with Final Budget: Favorable (Unfavorable)	2005 Actual
Revenues:					
Taxes - property	\$ 1,614,273	\$ 1,614,273	\$ 1,655,356	\$ 41,083	\$ 1,559,029
Taxes - sales and other	680,000	680,000	729,896	49,896	698,188
Fees and fines	198,370	198,370	196,029	(2,341)	183,741
Intergovernmental	1,556,332	1,556,332	1,566,598	10,266	1,364,857
Grants and miscellaneous	47,950	47,950	163,898	115,948	127,246
Total revenues	4,096,925	4,096,925	4,311,777	214,852	3,933,061
Expenditures:					
Public safety:					
District Court	488,800	488,800	455,189	33,611	467,844
Juvenile justice	211,105	211,105	198,760	12,345	278,469
Prosecuting attorney	370,470	370,470	347,176	23,294	315,514
Public defender	455,150	455,150	434,337	20,813	215,240
Coroner	30,010	30,075	22,444	7,631	24,989
Law buildings	40,530	40,530	39,784	746	36,150
Sheriff patrol	1,535,592	1,535,592	1,593,489	(57,897)	1,561,496
Investigations	299,150	310,400	282,852	27,548	250,040
Dispatch	313,700	313,700	321,018	(7,318)	280,595
Administration	565,623	565,623	575,864	(10,241)	524,986
Detention center	2,370,307	2,408,307	2,297,023	111,284	2,194,828
Juvenile center	269,870	269,870	266,840	3,030	285,410
Total expenditures	6,950,307	6,999,622	6,834,776	164,846	6,435,561
Excess of rev over(under) expend	(2,853,382)	(2,902,697)	(2,522,999)	379,698	(2,502,500)
Other financing sources (uses):					
Transfers in	2,928,607	2,928,607	2,775,301	(153,306)	3,047,713
Transfers out	(599,351)	(599,351)	(599,351)	-	(592,546)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	2,329,256	2,329,256	2,175,950	(153,306)	2,455,167
Net change in fund balances	(524,126)	(573,441)	(347,049)	226,392	(47,333)
Fund balance - beginning	871,203	871,203	871,203	-	918,536
Fund balance - ending	\$ 347,077	\$ 297,762	\$ 524,154	\$ 226,392	\$ 871,203

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, 2006

	Original Budget	Final Budget	2006 Actual	Variance with Final Budget: Favorable (Unfavorable)	2005 Actual
Revenues:					
Payment in lieu of taxes	\$ 1,127,400	\$ 1,127,400	\$ 1,114,850	\$ (12,550)	\$ 1,127,448
Miscellaneous	-	-	-	-	-
Total revenues	1,127,400	1,127,400	1,114,850	(12,550)	1,127,448
Expenditures:					
Other public service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,127,400	1,127,400	1,114,850	(12,550)	1,127,448
Other financing sources (uses):					
Transfers in	-	-	149,228	149,228	-
Transfers out	(1,523,000)	(1,523,000)	(1,373,000)	150,000	(1,465,728)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,523,000)	(1,523,000)	(1,223,772)	299,228	(1,465,728)
Net change in fund balances	(395,600)	(395,600)	(108,922)	286,678	(338,280)
Fund balance - beginning	807,840	807,840	807,840	-	1,146,120
Fund balance - ending	\$ 412,240	\$ 412,240	\$ 698,918	\$ 286,678	\$ 807,840

See accompanying notes to the financial statements.

CASSIA COUNTY

**Statement of Fiduciary Net Assets
Agency Funds
September 30, 2006**

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 1,760,565
Other Assets	-
Total assets	1,760,565
LIABILITIES	
Vouchers Payable and Accrued Liabilities	1,674,626
Deferred Revenue	-
Total liabilities	1,674,626
NET ASSETS	
Held in Trust	85,939
Total Net Assets	\$ 85,939

See accompanying notes to the financial statements.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2006

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, 2006

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 State.

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, 2006

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, \$3,501,296 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	\$ 63,272
Fannie Mae Note	498,250
Federal Government Agency Bonds	<u>1,415,993</u>
Total Fair Value	\$ 1,977,515

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, 2006

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, 2006

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 9/30/05	Additions	Deletions	Balance 9/30/06
Governmental Activities				
Cost / Historical Value:				
Land (non-depreciable)	\$ 997,572	\$ 30,040	\$ -	\$ 1,027,612
Buildings	3,469,044	-	-	3,469,044
Improvements other than buildings	364,619	118,600	(61,123)	422,096
Construction in Process	33,527	-	(33,527)	-
Infrastructure assets	9,491,979	-	-	9,491,979
Equipment/Vehicles	1,605,339	515,094	(105,377)	2,015,056
Total	15,962,080	663,734	(200,027)	16,425,787
Accumulated Depreciation:				
Buildings	1,031,337	80,100	-	1,111,437
Improvements other than buildings	299,973	36,006	(61,123)	274,856
Infrastructure assets	9,206,185	24,522	-	9,230,707
Equipment/Vehicles	1,209,720	137,869	(105,377)	1,242,212
Total	11,747,215	278,497	(166,500)	11,859,212
Net Book Value:				
Land (non-depreciable)	997,572	30,040	-	1,027,612
Buildings	2,437,707	(80,100)	-	2,357,607
Improvements other than buildings	64,646	82,594	-	147,240
Construction in Process	33,527	-	(33,527)	-
Infrastructure assets	285,794	(24,522)	-	261,272
Equipment/Vehicles	395,619	377,225	-	772,844
Total	\$ 4,214,865	\$ 385,237	\$ (33,527)	\$ 4,566,575

CASSIA COUNTY

Notes to Financial Statements September 30, 2006

Component Unit	Balance 9/30/05	Additions	Deletions	Balance 9/30/06
Cost / Historical Value:				
Land (non-depreciable)	\$ -	\$ -	\$ -	-
Equipment/Vehicles	51,344	-	-	51,344
Total	51,344	-	-	51,344
Accumulated Depreciation:				
Equipment/Vehicles	12,789	4,999	-	17,788
Total	12,789	4,999	-	17,788
Net Book Value:				
Land (non-depreciable)	-	-	-	-
Equipment/Vehicles	38,555	(4,999)	-	33,556
Total	\$ 38,555	\$ (4,999)	\$ -	\$ 33,556

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	\$ 30,980
Highways and Roads	50,381
Public Safety	165,753
Other Public Service	11,740
Culture & Recreation	19,643
Total Governmental Activities Depreciation	<u>\$ 278,497</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.

In 2001 the County entered into a lease purchase agreement with Wells Fargo Bank for a Cat Wheel Loader. The cost was \$118,375 which was financed at 4.75%. The note calls for five annual payments of \$15,157 and a balloon payment in October 2006 of \$62,000. The County has a guarantee for purchase of the Loader when the balloon payment is due, which guarantees the County can sell the Loader for an amount equal to the balloon payment, if desired.

The annual requirements to amortize these notes are as follows:

FYE Sept. 30:	Principal	Interest	Total
2007	\$ 78,391	\$ 13,199	\$ 91,590
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
Thereafter	88,857	10,663	99,520
Total	<u>\$ 254,811</u>	<u>\$ 54,659</u>	<u>\$ 309,470</u>

CASSIA COUNTY

Notes to Financial Statements September 30, 2006

As of September 30, 2006, 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:

	Balance at 9/30/2005	Additions	Reductions	Balance at 9/30/2006
Landfill Closure Note	\$ 213,857	\$ -	\$ (18,234)	\$ 195,623
Cat Wheel Loader Note	59,188	-	-	59,188
	<u>\$ 273,045</u>	<u>\$ -</u>	<u>\$ (18,234)</u>	<u>\$ 254,811</u>

NOTE 5: PENSION PLAN

The County participates in the Public Employee Retirement System of Idaho, (PERSI). PERSI, 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 from PERSI 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, 2006, 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 \$452,321, \$428,022, and \$400,271 for the three years ended September 30, 2006, 2005 and 2004, 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, 2006

NOTE 8: FUND DEFICITS

As of September 30, 2006, the Water Districts Fund had a deficit fund balance of \$9, and the Court Trust Fund had a deficit fund balance of \$280.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

During the year ended September 30, 2006, 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 \$4,000 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.

Lease Commitments

The County entered into a lease of a 140H Motor Grader on October 8, 2002. The lease called for 5 annual payments of \$20,572 with a 6th year purchase option of \$103,000. The lease is financed with Wells Fargo Bank. As of September 30, 2006, all 5 annual payments have been paid. The County has not yet determined if the purchase option will be exercised in the upcoming fiscal year.

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.

NOTE 12: RELATED PARTY TRANSACTION

The County has entered into a lease agreement with a company that is owned by an employee of the County under which the County leases equipment and mules for weed spraying. The total lease payments paid by the County in the fiscal year ended September 30, 2006 were \$6,838.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006

	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
ASSETS										
Cash and investments	\$ 14,819	\$ 272,173	\$ 90,908	\$ 123,531	\$ 56,276	\$ 17,019	\$ 10,416	\$ 66,833	\$ 61,735	\$ 266,434
Receivables:										
Taxes	6,783	-	-	3,064	4,748	4,319	538	8,553	6,310	-
Other	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 21,602	\$ 272,173	\$ 90,908	\$ 126,595	\$ 61,024	\$ 21,338	\$ 10,954	\$ 75,386	\$ 68,045	\$ 266,434

LIABILITIES AND FUND EQUITY

Liabilities:										
Vouchers payable	\$ 758	\$ 5,332	\$ 10,608	\$ 19,090	\$ 12,875	\$ -	\$ -	\$ -	13	\$ 4,584
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	6,023	-	-	2,672	4,182	3,812	475	7,534	5,558	-
Total liabilities	6,781	5,332	10,608	21,762	17,057	3,812	475	7,534	5,571	4,584
Fund Balance:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	14,821	266,841	80,300	104,833	43,967	17,526	10,479	67,852	62,474	261,850
Total fund balances	14,821	266,841	80,300	104,833	43,967	17,526	10,479	67,852	62,474	261,850
Total liab. and fund bal.	\$ 21,602	\$ 272,173	\$ 90,908	\$ 126,595	\$ 61,024	\$ 21,338	\$ 10,954	\$ 75,386	\$ 68,045	\$ 266,434

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 2 of 3)
September 30, 2006

	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
ASSETS											
Cash and investments	\$ 8,456	\$ 57,814	\$ 11,882	\$ -	\$ 41,994	\$ 12,607	\$ 15,349	\$ 66,119	\$ 19,512	\$ 32,583	\$ 15,686
Receivables:											
Taxes	-	-	-	-	-	-	-	-	7,595	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 8,456	\$ 57,814	\$ 11,882	\$ -	\$ 41,994	\$ 12,607	\$ 15,349	\$ 66,119	\$ 27,107	\$ 32,583	\$ 15,686

LIABILITIES AND FUND EQUITY

Liabilities:											
Vouchers payable	\$ 8,456	\$ 110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	6,590	-	-
Total liabilities	8,456	110	-	-	-	-	-	-	6,590	-	-
Fund Balance:											
Reserved	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	57,704	11,882	-	41,994	12,607	15,349	66,119	20,517	32,583	15,686
Total fund balances	-	57,704	11,882	-	41,994	12,607	15,349	66,119	20,517	32,583	15,686
Total liab. and fund bal.	\$ 8,456	\$ 57,814	\$ 11,882	\$ -	\$ 41,994	\$ 12,607	\$ 15,349	\$ 66,119	\$ 27,107	\$ 32,583	\$ 15,686

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 3 of 3)
September 30, 2006

	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	\$ 113,085	\$ 362,627	\$ 24,884	\$ -	\$ 204,101	\$ 39,067	\$ 17,030	\$ 2,737	\$ 2,025,677
Receivables:									
Taxes	-	-	-	-	-	-	-	-	41,910
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-
Total assets	\$ 113,085	\$ 362,627	\$ 24,884	\$ -	\$ 204,101	\$ 39,067	\$ 17,030	\$ 2,737	\$ 2,067,587

LIABILITIES AND FUND EQUITY

Liabilities:									
Vouchers payable	\$ -	\$ 231	\$ -	\$ -	\$ -	\$ 977	\$ -	\$ -	\$ 63,034
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	36,846
Total liabilities	-	231	-	-	-	977	-	-	99,880
Fund Balance:									
Reserved	-	-	-	-	-	-	-	-	-
Unreserved	113,085	362,396	24,884	-	204,101	38,090	17,030	2,737	1,967,707
Total fund balances	113,085	362,396	24,884	-	204,101	38,090	17,030	2,737	1,967,707
Total liab. and fund bal.	\$ 113,085	\$ 362,627	\$ 24,884	\$ -	\$ 204,101	\$ 39,067	\$ 17,030	\$ 2,737	\$ 2,067,587

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, 2006

	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 44,256	\$ 95	\$ 30,248	\$ 57,164	\$ 79,389	\$ 69,373	\$ 8,354	\$ 139,907	\$ 114,424	\$ -
Taxes - sales and other	18,674	-	8,553	10,392	17,790	16,182	1,892	31,567	24,899	-
Fees and fines	-	155,589	-	-	-	-	-	-	-	228,600
Intergovernmental	-	-	170,065	15,902	-	-	-	58,070	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	172,738	67,517	80,633	17,204	-	-	-	-	-	-
Total revenues	235,668	223,201	289,499	100,662	97,179	85,555	10,246	229,544	139,323	228,600
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	341,737	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	347,484	-	-	-	-	-	-	168,729
Public safety	-	-	-	-	165,175	-	-	-	-	-
Other public service	-	164,330	-	157,468	-	-	10,000	352,300	154,764	-
Culture and recreation	-	-	-	-	-	41,340	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	341,737	164,330	347,484	157,468	165,175	41,340	10,000	352,300	154,764	168,729
Excess of revenues over (under) expenditures	(106,069)	58,871	(57,985)	(56,806)	(67,996)	44,215	246	(122,756)	(15,441)	59,871
Other financing sources (uses)										
Transfers in	50,000	-	65,000	140,000	80,000	35,000	-	165,000	38,000	-
Transfers out	-	(66,744)	-	-	-	(75,400)	-	-	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	50,000	(66,744)	65,000	140,000	80,000	(40,400)	-	165,000	38,000	-
Net change in fund balances	(56,069)	(7,873)	7,015	83,194	12,004	3,815	246	42,244	22,559	59,871
Fund balance - beginning	70,890	274,714	73,285	21,639	31,963	13,711	10,233	25,608	39,915	201,979
Fund balance - ending	\$ 14,821	\$ 266,841	\$ 80,300	\$ 104,833	\$ 43,967	\$ 17,526	\$ 10,479	\$ 67,852	\$ 62,474	\$ 261,850

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, 2006

	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempts	Drug Task Force	DARE Trust
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,303	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	24,277	-	-
Fees and fines	25,230	16,147	115,792	-	-	2,996	6,363	9,131	-	17,389	-
Intergovernmental	-	-	-	-	77,016	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	6,179	-	-	-	-	-	-	-	-	101,748	2,598
Total revenues	31,409	16,147	115,792	-	77,016	2,996	6,363	9,131	169,580	119,137	2,598
Expenditures:											
General government	-	-	122,329	-	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	278	-	-	4,000	10,091	-	88,759	-
Other public service	-	-	-	-	-	-	-	-	-	-	5,171
Culture and recreation	25,230	38,172	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	715	-	-
Total expenditures	25,230	38,172	122,329	278	-	-	4,000	10,091	715	88,759	5,171
Excess of revenues over (under) expenditures	6,179	(22,025)	(6,537)	(278)	77,016	2,996	2,363	(960)	168,865	30,378	(2,573)
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(6,179)	-	-	-	(77,016)	-	-	-	(149,228)	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	(6,179)	-	-	-	(77,016)	-	-	-	(149,228)	-	-
Net change in fund balances	-	(22,025)	(6,537)	(278)	-	2,996	2,363	(960)	19,637	30,378	(2,573)
Fund balance - beginning	-	79,729	18,419	278	41,994	9,611	12,986	67,079	880	2,205	18,259
Fund balance - ending	\$ -	\$ 57,704	\$ 11,882	\$ -	\$ 41,994	\$ 12,607	\$ 15,349	\$ 66,119	\$ 20,517	\$ 32,583	\$ 15,686

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, 2006

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,513
Taxes - sales and other	-	-	-	-	-	-	-	-	154,226
Fees and fines	10,890	-	-	-	-	150,998	-	-	739,125
Intergovernmental	-	-	-	-	1,504,211	-	-	-	1,825,264
Interest	-	-	-	-	-	-	565	-	565
Grants and miscellaneous	-	49,380	73,425	-	-	-	-	-	571,422
Total revenues	10,890	49,380	73,425	-	1,504,211	150,998	565	-	3,979,115
Expenditures:									
General government	-	26,609	-	-	1,471,784	-	-	-	1,620,722
Indigent Assistance	-	-	-	-	-	-	-	-	341,737
Highways and roads	-	-	-	-	-	-	-	-	347,484
Public safety	-	-	-	-	-	135,817	-	-	572,849
Other public service	-	-	-	-	-	-	1,631	-	835,664
Culture and recreation	-	-	-	-	-	-	-	-	114,742
Debt Service	-	-	-	-	-	-	-	-	715
Total expenditures	-	26,609	-	-	1,471,784	135,817	1,631	-	3,833,913
Excess of revenues over (under) expenditures	10,890	22,771	73,425	-	32,427	15,181	(1,066)	-	145,202
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	573,000
Transfers out	-	-	(80,000)	(3,546)	-	-	-	-	(458,113)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	(80,000)	(3,546)	-	-	-	-	114,887
Net change in fund balances	10,890	22,771	(6,575)	(3,546)	32,427	15,181	(1,066)	-	260,089
Fund balance - beginning	102,195	339,625	31,459	3,546	171,674	22,909	18,096	2,737	1,707,618
Fund balance - ending	\$ 113,085	\$ 362,396	\$ 24,884	\$ -	\$ 204,101	\$ 38,090	\$ 17,030	\$ 2,737	\$ 1,967,707

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2006

	Range	Assessor	Water	Taxing	Court
	Improv Fund	Trust Fund	Districts Fund	Districts Fund	Bonds
ASSETS					
Cash and Investments	\$ -	\$ 148,213	3 \$	- \$	\$ 88,267
Other Assets	-	-	-	-	-
Total assets	-	148,213	3	-	88,267
LIABILITIES					
Vouchers Payable	-	476	9	280	-
Accrued liabilities	-	147,737	-	-	7,152
Deferred Revenue	-	-	-	-	-
Total liabilities	-	148,213	9	280	7,152
NET ASSETS					
Held in Trust	-	-	3	(280)	81,115
Total Net Assets	\$ -	\$ -	3 \$	(280) \$	\$ 81,115

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets
Agency Funds (continued, page 2 of 2)
September 30, 2006

	Court Restitution	Judgments Trust	Box Elder Bookmobile	Sheriffs Account	Tax Collector Account	Total Agency Funds
ASSETS						
Cash and Investments	\$ 5,495	\$ -	\$ 147	\$ 1,439,125	\$ 79,315	\$ 1,760,565
Other Assets	-	-	-	-	-	-
Total assets	5,495	-	147	1,439,125	79,315	1,760,565
LIABILITIES						
Vouchers Payable	532	-	-	1,439,125	79,315	1,519,737
Accrued liabilities	-	-	-	-	-	154,889
Deferred Revenue	-	-	-	-	-	-
Total liabilities	532	-	-	1,439,125	79,315	1,674,626
NET ASSETS						
Held in Trust	4,963	-	147	-	-	85,939
Total Net Assets	\$ 4,963	\$ -	\$ 147	\$ -	\$ -	\$ 85,939

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 Cassia County as of and for the year ended September 30, 2006, which collectively comprise Cassia County's basic financial statements and have issued our report thereon dated January 24, 2007. 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 Cassia County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Cassia County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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*.

We noted certain matters that we reported to management of Cassia County in a separate letter dated January 24, 2007.

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 24, 2007