

CASSIA COUNTY

BASIC FINANCIAL STATEMENTS
With Supplemental Information

September 30, 2010



CASSIA COUNTY
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2010
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Office of the Clerk of the District Court
Cassia County, Idaho

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February 24, 2011

Honorable Members

Cassia County Board of Commissioners
Dennis Crane, Chairman
Paul Christensen, Commissioner
Robert Kunau, Commissioner

Submitted herewith, are the basic financial statements of the County for the fiscal year ended September 30, 2010.

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.

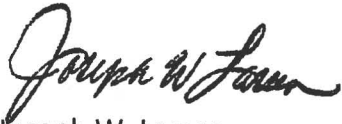
The funds included in this report are for those funds and entities that are controlled by or are dependent on the County. Determination of "controlled by or dependant on" is based on criteria developed by the Governmental Accounting Standards Board and spelled out in their statements numbered 3 and 7. 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 "Joseph W. Larsen". The signature is written in a cursive, flowing style.

Joseph W. Larsen
Clerk of the District Court
Ex-Officio Auditor & Recorder

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, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County (the County), as of and for the fiscal year ended September 30, 2010, 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 2009 financial statements and, in our report dated April 27, 2010, 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, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County as of September 30, 2010, and the respective changes in financial position, and the respective budgetary comparison for each major fund, 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 February 18, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, and combining and individual nonmajor fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund and fiduciary 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

February 18, 2011

***Cassia County
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2010***

The management of Cassia County offers this narrative overview, analysis, and accompanying financial statements for the fiscal year ended September 30, 2010. Included are financial performance and activities of the governmental services of Cassia County from October 1, 2009, through September 30, 2010. 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

A political subdivision of the State of Idaho, Cassia county consisted of the following elected Officials at fiscal year ended September 30, 2010:

Board of County Commissioners: Dennis Crane (Chairman), Paul Christensen, and Clay Handy

The Board of County Commissioners are the chief executives and governing body of the County. As such, they carry out county legislative duties, set general county policy, and establish terms and conditions of county employment and administrative responsibilities.

Clerk of the District Court: Dee Yeaman

The Clerk of the District Court serves also as ex-officio Auditor, ex-officio Recorder, Chief Elections Officer, and Clerk of the Board of County Commissioners.

Assessor: Martell Holland

The Assessor determines property valuations, administers the property taxation system, and provides vehicle registration.

Treasurer: Gayle Erikson

The Treasurer is the County Tax Collector and ex-officio public administrator.

Prosecuting Attorney: Alfred Barrus

The Prosecuting Attorney prosecutes crimes and is counsel to the county government.

Sheriff: Randy Kidd

The Sheriff is the Chief law enforcement officer of the county

Coroner: Paul Young

The Coroner determines and certifies the manner and cause of death

Goals

It is the goal of each elected official, each department head, and every employee of Cassia County to provide the best possible service to every member of the public, in a courteous, equitable, efficient, effective way. Further, 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, and fines. They are to be used in the most effective way to help pay for the cost of all services rendered to the public. The County is accountable to the taxpayers 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 a challenge. Our economy is experiencing a significant downturn, declining interest rates, high unemployment, State and Federal funding declines, legislative exemptions, declining federally funded local programs, skyrocketing healthcare costs, increased property insurance rates, increased indigent medical costs, and unfunded State and Federal mandates.

Economic Conditions and Outlook

Located in South Central Idaho on the Snake River Plain, Cassia County is primarily an agricultural, livestock, and residential area. Retail and service industries are 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. However, property tax revenues are no longer sufficient to support all functions of local government.

Payments in lieu of taxes (PILT Funds) are Federal payments made to Cassia County for loss in property tax revenues, caused by legislative actions which reduce or exempt Bureau of Land Management property from taxation.

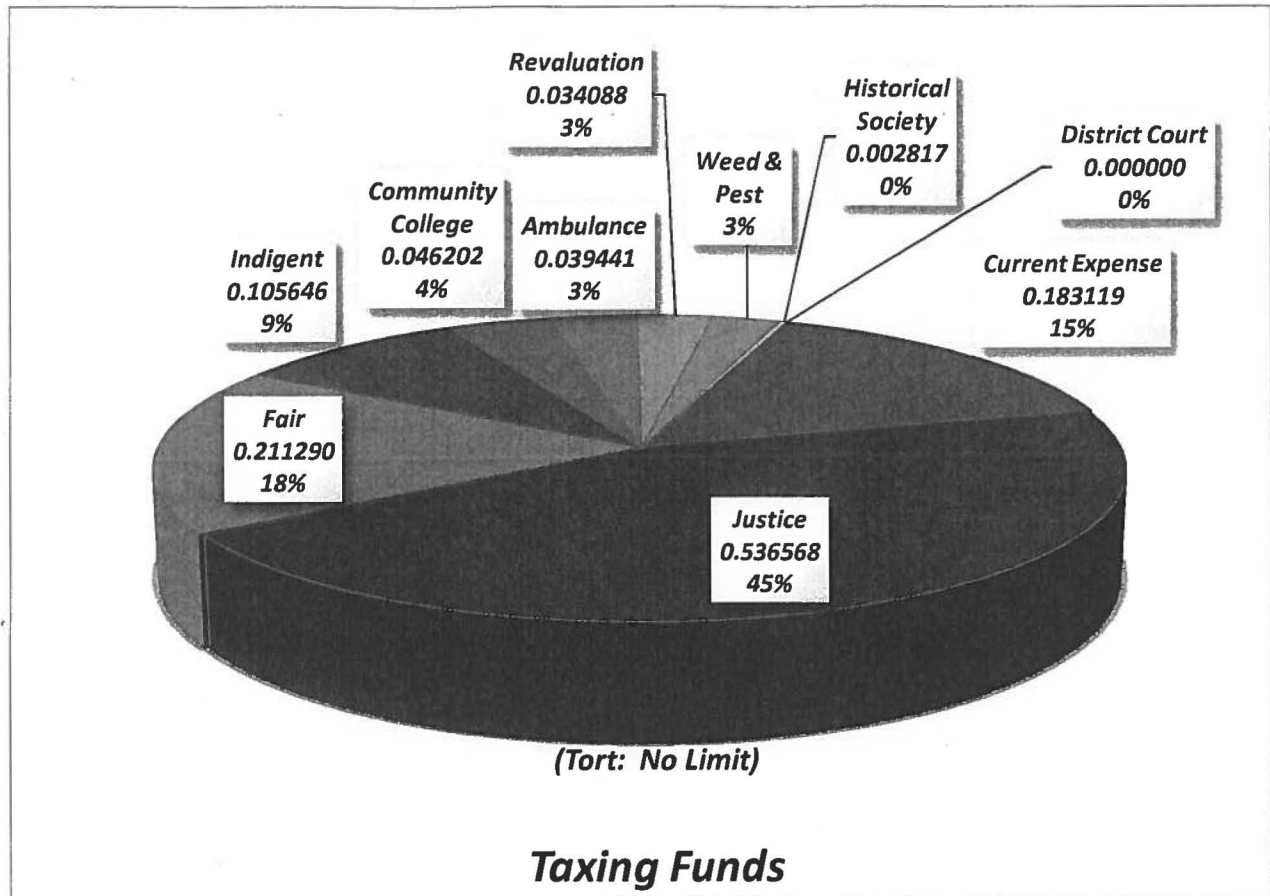
The collection of property taxes is administered and completed by the County Treasurer.

Fund Financial Statements

Fund financial statements are accounting devices that the 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 focuses on its most significant or "major" funds and not on the County as a whole.

County Funds

The taxing funds listed below have their own levy limits which are set by the Idaho State Legislature and cannot be intermingled. Those levy funds are derived from property tax revenues. The Major Funds listed reflect the 2009 County Tax Levy for each dollar of Assessed Market Value.



2009 Levy Rate:
.003266779

Cassia County Revenue Funds or Fee Collection Funds

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

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 affected by the County's governing board, elected officials, department heads, and staff. It is designed to provide reasonable, but not absolute, assurance regarding the achievements of objectives in the following categories:

- 1) the effectiveness and efficiency of operations
- 2) reliability of financial reporting
- 3) compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit likely to be derived and that the evaluation of costs and benefits require 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 (GASB) and with Generally Accepted Accounting Principles (GAAP) 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 (General) Fund and Justice Fund.

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

Remaining Cash Balance:

	<u>FY Ending 9-30-09</u>	<u>FY Ending 9-30-10</u>	<u>\$ Change</u>	<u>% Change</u>
Current Expense:	\$ 538,277	\$1,133,128	\$ 594,851	+111%
Justice:	\$ 780,461	\$ 741,947	(\$ 38,514)	- 05%

This gives an indication that the measures imposed in Fiscal Year 2009-2010 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 was the result of proper management of department budgets despite the receipt of unanticipated revenues and unspent budgeted amounts. 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. 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, or unless the "paying" customer numbers continue to increase. 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 projected revenue balances. The fund Balances for the Current Expense Fund and the Justice Fund are projected to remain about the same at FY ending 9-30-2011.

The expenditures for Indigent Medical costs have increased due to the statutory requirement of county obligation increasing from \$10,000 to \$11,000 per indigent case. The case load increased slightly during this fiscal year, but with the additional \$1,000 increase per case, it has impacted the budget for required County costs for Medical Indigents. Collection attempts on past due accounts have been moderately successful for voluntary assignment of tax refunds. However, with increased bankruptcy on behalf of required indigent repayment, very little success experienced with our collection procedures and many past due accounts remain unpaid.

My observation is that the County Commissioners need to continue taking necessary steps to improve the fund balances of the county. Decreased funding that is anticipated in the future from both the Federal and State Government should require all optional services and personnel expenses to be brought to the table for evaluation. Prudent spending and logical saving should insure deliverance of county required services and personnel retention.

Having a healthy fund balance gives the Commissioners the opportunity to address projects or emergencies that occur during the year that were not anticipated at the time the budget was set. In the past, the receipt of fully funded PILT has been a tremendous boost to the fund balances to allow response to emergencies that may occur during the year. However, proposed federal

funding cuts may cause a significant decrease in PILT funds that the County receives. Loss of funding could compromise a healthy fund balance and could potentially put the County at risk in making budget adjustments during the year. It is more paramount than ever that the Commissioners make a concentrated effort to approve and hold to the 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 few employee increases have been based on subjective Department Head evaluation. The Clerk's office has been asked by the Commissioners to research and propose for consideration, a grade and step method for employee compensation equity. For fiscal year 2010, the Commissioners did not approve a cost of living or salary increase for each County Employee; the Elected Officials and the Department Heads also did not receive a 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, 2010, the major medical premiums experienced just a minimal increase due to employee management of medical expenditures. Personnel costs continue to challenge management to remain competitive with salaries for comparable work in the private sector and at the same time be good stewards of county tax dollars. It is the opinion of the Budget Officer that consideration for some personnel salary adjustments should be entertained by the Commissioners during the next fiscal year. There realistically could be an appreciable compromise in retention of long term, well-trained, and committed County employees in the worst case scenario. At the very least, a decrease in morale, commitment, and overall service to the public could easily be the result of the lack of that consideration. In addition to that, there should also be a willingness to place all options on the table, as is the case with State and Federal government, to decreasing costs and for appropriate accountability to the taxpayers of Cassia County.

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 year's non-exempt tax levy; plus value of property newly annexed in the previous year times the previous year's 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 much the same in 2010 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; 2) the grants the county has applied for and received and the impact those have had on our budgets and department functions; 3) the rising costs of the Indigent Programs; and 4) the receipt of fully funded PILT monies, which has improved the overall financial status of Cassia County. The

potential loss of those revenues could present a huge impact on the day-to-day functionality of Cassia County. A focus for FY 2011 will be a concentration on random internal auditing of certain functions of many departments, verification of all contracted obligations of the county, required documentation of all expenditures relating to petty cash and credit cards, and timely response from all Department Heads to accomplish this. The Auditor's Office procedures will be for appropriately applying relevant accounting principles and standards as well as to refine applicable tax rule compliance.

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 it pertains to financial issues for the future, will be looking at providing superior service to the public, providing employee retention incentives, and continuing to evaluate and act upon courthouse security measures for both employees and patrons. Other considerations are for appropriate implementation and development of our GIS system and the County E-911 telephone system. A major concern continually facing the Commissioners is the ever-increasing expense of the Indigent Medical Assistance and the Non-Medical Assistance programs, and the manner in which they will be funded. The Indigent Programs continue to 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, except for emergency medical care, which took effect on July 1, 2007. The hospitals are required to provide medical assistance for all, but the County does not incur liability for any medical bills of undocumented aliens, except those that were incurred because of emergent issues. 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. The Board of County Commissioners continue to hear appeals 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 the State Legislature 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 2011 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 Cassia County Clerk:

Joseph W. Larsen (*ex-officio Auditor*)
1459 Overland Avenue
Burley, Idaho, 83318
(208) 878-5231
cassiaclerk@cassiacounty.org

BASIC FINANCIAL STATEMENTS

CASSIA COUNTY

Statement of Net Assets September 30, 2010

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>Fair Board</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS				
Cash and Investments	\$ 7,791,040	\$ 7,795,614	\$ 99,965	\$ 111,772
Receivables:				
Taxes	251,618	207,243	-	-
Other	-	2,000	-	-
Prepaid Expenses	84,336	63,756	-	-
Due From Other Governments	-	-	-	-
Inventory - Note 1	-	-	-	-
Restricted Assets:				
Cash	-	-	-	-
Taxes Receivable	-	-	-	-
Capital Assets - Note 3:				
Land	1,066,801	1,066,801	-	-
Other Capital Assets, Net of Depreciation	3,431,896	3,562,610	45,370	51,579
Other Assets	-	-	-	-
Total assets	<u>12,625,691</u>	<u>12,698,024</u>	<u>145,335</u>	<u>163,351</u>
LIABILITIES				
Vouchers Payable and Accrued Liabilities	325,938	391,453	-	-
Deferred Revenue	-	-	-	-
Interest Payable	1,971	2,398	-	-
Long-Term Liabilities - Note 4:				
Due Within One Year	23,618	22,427	-	-
Due in More Than One Year	88,857	112,475	-	-
Total liabilities	<u>440,384</u>	<u>528,753</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	4,386,222	4,494,509	45,370	51,579
Restricted for:				
Debt Service	-	-	-	-
Unrestricted	7,799,085	7,674,762	99,965	111,772
Total Net Assets	<u>\$ 12,185,307</u>	<u>\$ 12,169,271</u>	<u>\$ 145,335</u>	<u>\$ 163,351</u>

See accompanying notes to the financial statements.

CASSIA COUNTY

Statement of Activities
For the Year Ended September 30, 2010

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		Component Unit Fair Board	
					2010	2009	2010	2009
Governmental Activities:								
General Government	\$ 4,167,870	\$ 2,906,456	\$ -	\$ 44,453	\$ (1,216,961)	\$ (3,742,771)		
Indigent Assistance	553,811	186,293	-	-	(367,518)	(370,739)		
Highways and Roads	333,121	206,479	-	1,490	(125,152)	(340,378)		
Public Safety	8,321,084	2,825,647	-	92,893	(5,402,544)	(4,172,067)		
Other Public Service	1,719,475	216,236	-	-	(1,503,239)	(850,779)		
Culture and Recreation	199,906	41,322	-	-	(158,584)	(55,313)		
Interest	6,740	-	-	-	(6,740)	(378)		
Total Governmental Activities	\$ 15,302,007	\$ 6,382,433	\$ -	\$ 138,836	(8,780,738)	(9,532,425)		
Component Unit:								
Cassia County Fair & Rodeo	\$ 339,180	\$ 317,912	\$ -	\$ -			\$ (21,268)	\$ (104,127)
General Revenues								
Property Taxes Levied for:								
General Purposes					1,376,204	1,177,441	-	-
Indigent Assistance					388,175	349,993	-	-
Highways and Roads					36,264	36,043	-	-
Public Safety					2,129,741	2,277,687	-	-
Bond Interest & Redemption					1	348	-	-
In Lieu of Taxes					1,875,681	2,464,043	-	-
Sales & Other Taxes					1,180,826	1,543,535	-	-
Investment Earnings					180,878	322,786	-	1,539
Miscellaneous					1,779,498	2,588,236	-	-
Gain/(Loss) on Sale of Capital Assets					(150,494)	(17,407)	-	-
Transfers					-	(83,000)	-	83,000
Total General Revenues and Transfers					8,796,774	10,659,705	-	84,539
Change in Net Assets					16,036	1,127,280	(21,268)	(19,588)
Net Assets Beginning of Year					12,169,271	11,041,991	166,603	186,191
Net Assets End of Year					\$ 12,185,307	\$ 12,169,271	\$ 145,335	\$ 166,603

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet Governmental Funds September 30, 2010

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Nonmajor Governmental Funds	Total Govt Funds 2010	Total Govt Funds 2009
ASSETS								
Cash and investments	\$ 1,133,128	\$ 150,152	\$ 471,995	\$ 741,947	\$ 1,034,339	\$ 4,259,479	\$ 7,791,040	\$ 7,795,614
Receivables:								
Taxes	34,342	-	41,681	117,579	-	58,016	251,618	207,243
Other	84,336	-	-	-	-	-	84,336	65,756
Due from other governments	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 1,251,806	\$ 150,152	\$ 513,676	\$ 859,526	\$ 1,034,339	\$ 4,317,495	\$ 8,126,994	\$ 8,068,613
LIABILITIES AND FUND EQUITY								
Liabilities:								
Vouchers payable	\$ 65,508	\$ 136	\$ -	\$ 88,790	\$ -	\$ 147,441	\$ 301,875	\$ 354,672
Accrued liabilities	10,367	-	-	12,838	-	858	24,063	36,781
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	29,763	-	36,717	102,020	-	50,341	218,841	185,121
Total liabilities	105,638	136	36,717	203,648	-	198,640	544,779	576,574
Fund Balance:								
Reserved - Debt service	-	-	-	-	-	5	5	7
Unreserved								
General	1,146,168	-	-	-	-	-	1,146,168	566,260
Special revenue	-	150,016	476,959	655,878	1,034,339	4,118,850	6,436,042	6,925,772
Total fund balances	1,146,168	150,016	476,959	655,878	1,034,339	4,118,855	7,582,215	7,492,039
Total liabilities and fund balances	\$ 1,251,806	\$ 150,152	\$ 513,676	\$ 859,526	\$ 1,034,339	\$ 4,317,495	\$ 8,126,994	\$ 8,068,613

See accompanying notes to the financial statements.

CASSIA COUNTY

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities September 30, 2010

Total Governmental Fund Balances	\$ 7,582,215
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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.	4,498,697
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Other long-term assets are not available to pay for current-period
expenditures and therefore are deferred in the funds:

Property Taxes	218,841
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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	(112,475)
Accrued Interest Payable	<u>(1,971)</u>

Net Assets of Governmental Activities	<u>\$ 12,185,307</u>
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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, 2010

	General Fund	Jail Trust	Solid Waste	Justice	PILT	Other Governmental Funds	Total Govt Funds 2010	Total Govt Funds 2009
Revenues:								
Taxes - property	\$ 867,669	\$ -	\$ -	\$ 1,970,281	\$ -	\$ 1,058,713	\$ 3,896,663	\$ 3,743,605
Taxes - sales and other	348,133	-	-	641,147	-	191,484	1,180,764	1,234,592
Payment in lieu of taxes	-	-	-	-	1,875,681	-	1,875,681	2,464,043
Fees and fines	527,401	803,525	597,837	201,266	-	1,128,501	3,258,530	3,390,352
Intergovernmental	2,000	682,440	-	1,741,486	-	1,884,599	4,310,525	4,309,550
Interest	174,575	-	-	-	-	6,303	180,878	322,786
Grants and miscellaneous	21,896	11,675	91,000	128,397	-	478,806	731,774	1,069,295
Total revenues	1,941,674	1,497,640	688,837	4,682,577	1,875,681	4,748,406	15,434,815	16,534,223
Expenditures:								
General government	2,125,403	-	-	-	-	2,020,984	4,146,387	4,114,472
Indigent Assistance	-	-	-	-	-	553,811	553,811	621,045
Highways and roads	-	-	-	-	-	293,808	293,808	383,430
Public safety	-	-	-	7,388,810	-	1,071,401	8,460,211	8,744,891
Other public service	-	-	675,994	-	-	1,027,487	1,703,481	1,496,245
Culture and recreation	-	-	-	-	-	186,941	186,941	204,721
Debt Service	-	-	-	-	-	-	-	-
Total expenditures	2,125,403	-	675,994	7,388,810	-	5,154,432	15,344,639	15,564,804
Excess of rev over(under) expend	(183,729)	1,497,640	12,843	(2,706,233)	1,875,681	(406,026)	90,176	969,419
Other financing sources (uses)								
Transfers in	775,000	956,075	90,000	3,659,287	-	880,233	6,360,595	4,584,260
Transfers out	(11,363)	(2,512,157)	-	(892,395)	(2,865,010)	(79,670)	(6,360,595)	(4,584,260)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other fin sources(uses)	763,637	(1,556,082)	90,000	2,766,892	(2,865,010)	800,563	-	-
Net change in fund balances	579,908	(58,442)	102,843	60,659	(989,329)	394,537	90,176	969,419
Fund balance - beginning	566,260	208,458	374,116	595,219	2,023,668	3,724,318	7,492,039	6,522,620
Fund balance - ending	\$ 1,146,168	\$ 150,016	\$ 476,959	\$ 655,878	\$ 1,034,339	\$ 4,118,855	\$ 7,582,215	\$ 7,492,039

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 90,176

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	\$ 469,035	
Depreciation expense	<u>(449,253)</u>	19,782

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	(150,494)
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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.

33,721

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	22,427
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In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.

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Change in Net Assets of Governmental Activities	<u>\$ 16,036</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, 2010

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget: Favorable (Unfavorable)	2009 Actual
Revenues:					
Taxes - property	\$ 862,477	\$ 862,477	\$ 867,669	\$ 5,192	\$ 653,898
Taxes - sales and other	350,000	350,000	348,133	(1,867)	336,366
Fees and fines	327,320	327,320	527,401	200,081	354,200
Intergovernmental	24,000	24,000	2,000	(22,000)	4,000
Interest	180,000	180,000	174,575	(5,425)	302,543
Grants and miscellaneous	-	-	21,896	21,896	89,516
Total revenues	1,743,797	1,743,797	1,941,674	197,877	1,740,523
Expenditures:					
General government:					
Commissioners	111,850	111,850	105,808	6,042	107,691
Auditor	195,300	195,300	171,074	24,226	177,108
Treasurer	169,820	169,820	162,335	7,485	160,278
Assessor	354,100	354,100	346,729	7,371	340,792
Ag. extension	175,250	193,750	170,720	23,030	189,497
Buildings	269,050	269,050	209,385	59,665	188,445
County Annex	-	-	-	-	-
Board of health	100,926	100,926	100,926	-	100,089
Planning and zoning	274,920	274,920	213,387	61,533	242,890
General	561,000	561,000	368,631	192,369	365,703
Civil defense	20,380	20,380	9,772	10,608	63,065
Elections	-	-	-	-	60,267
County Administration	297,850	302,030	259,724	42,306	252,292
Veterans officer	7,139	7,139	6,912	227	6,753
Total expenditures	2,537,585	2,560,265	2,125,403	434,862	2,254,870
Excess of rev over(under) expend	(793,788)	(816,468)	(183,729)	632,739	(514,347)
Other financing sources (uses):					
Transfers in	775,000	775,000	775,000	-	163,810
Transfers out	-	-	(11,363)	(11,363)	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	775,000	775,000	763,637	(11,363)	-
Net change in fund balances	(18,788)	(41,468)	579,908	621,376	(350,537)
Fund balance - beginning	566,260	566,260	566,260	-	916,797
Fund balance - ending	\$ 547,472	\$ 524,792	\$ 1,146,168	\$ 621,376	\$ 566,260

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, 2010

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget: Favorable (Unfavorable)	2009 Actual
Revenues:					
Taxes - property	-	-	\$ -	\$ -	\$ -
Taxes - sales and other	-	-	-	-	-
Fees and fines	1,218,180	1,218,180	803,525	(414,655)	1,064,451
Intergovernmental	682,441	682,441	682,440	(1)	603,727
Miscellaneous	-	-	11,675	11,675	9,654
Total revenues	1,900,621	1,900,621	1,497,640	(402,981)	1,677,832
Expenditures:					
Public safety:					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,900,621	1,900,621	1,497,640	(402,981)	1,677,832
Other financing sources (uses):					
Transfers in	887,394	887,394	956,075	68,681	800,553
Transfers out	(2,788,015)	(2,788,015)	(2,512,157)	275,858	(2,495,946)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(1,900,621)	(1,900,621)	(1,556,082)	344,539	(1,695,393)
Net change in fund balances	-	-	(58,442)	(58,442)	(17,561)
Fund balance - beginning	208,458	208,458	208,458	-	226,019
Fund balance - ending	\$ 208,458	\$ 208,458	\$ 150,016	\$ (58,442)	\$ 208,458

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, 2010

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget: Favorable (Unfavorable)	2009 Actual
Revenues:					
Taxes/use fees	\$ 535,000	\$ 535,000	\$ 597,837	\$ 62,837	\$ 551,028
Miscellaneous	31,750	31,750	91,000	59,250	45,293
Total revenues	566,750	566,750	688,837	122,087	596,321
Expenditures:					
Landfill costs	683,938	668,558	675,994	(7,436)	668,558
Risk Management & Insurance	5,000	5,000	-	5,000	-
Remote Site Collection	5,000	5,000	-	5,000	-
Total expenditures	693,938	678,558	675,994	2,564	668,558
Excess of rev over(under) expend	(127,188)	(111,808)	12,843	124,651	(72,237)
Other financing sources (uses):					
Transfers in	-	-	90,000	90,000	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	-	-	90,000	90,000	-
Net change in fund balances	(127,188)	(111,808)	102,843	214,651	(72,237)
Fund balance - beginning	374,116	374,116	374,116	-	446,353
Fund balance - ending	\$ 246,928	\$ 262,308	\$ 476,959	\$ 214,651	\$ 374,116

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, 2010

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget: Favorable (Unfavorable)	2009 Actual
Revenues:					
Taxes - property	\$ 1,918,825	\$ 1,918,825	\$ 1,970,281	\$ 51,456	\$ 2,058,057
Taxes - sales and other	700,000	700,000	641,147	(58,853)	707,339
Fees and fines	229,782	229,782	201,266	(28,516)	210,626
Intergovernmental	1,785,754	1,785,754	1,741,486	(44,268)	1,761,932
Grants and miscellaneous	237,608	237,608	128,397	(109,211)	200,169
Total revenues	4,871,969	4,871,969	4,682,577	(189,392)	4,938,123
Expenditures:					
Public safety:					
District Court	517,380	517,380	451,853	65,527	491,177
Juvenile justice	105,000	105,000	99,205	5,795	164,308
Prosecuting attorney	440,320	440,320	390,186	50,134	386,658
Public defender	567,995	558,110	554,499	3,611	538,131
Coroner	33,330	33,330	29,230	4,100	27,928
Law buildings	36,400	36,400	34,118	2,282	30,370
Sheriff patrol	1,886,215	1,886,215	1,846,052	40,163	1,724,381
Investigations	422,200	422,200	351,558	70,642	374,345
Dispatch	365,600	365,600	361,780	3,820	341,430
Administration	553,857	553,857	544,937	8,920	631,832
Detention center	2,788,015	2,788,015	2,423,292	364,723	2,659,844
Juvenile center	302,100	302,100	302,100	-	316,933
Total expenditures	8,018,412	8,008,527	7,388,810	619,717	7,687,337
Excess of rev over(under) expend	(3,146,443)	(3,136,558)	(2,706,233)	430,325	(2,749,214)
Other financing sources (uses):					
Transfers in	3,936,015	3,936,015	3,659,287	(276,728)	3,176,897
Transfers out	(812,395)	(812,395)	(892,395)	(80,000)	(714,304)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	3,123,620	3,123,620	2,766,892	(356,728)	2,462,593
Net change in fund balances	(22,823)	(12,938)	60,659	73,597	(286,621)
Fund balance - beginning	595,219	595,219	595,219	-	881,840
Fund balance - ending	\$ 572,396	\$ 582,281	\$ 655,878	\$ 73,597	\$ 595,219

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, 2010

	Original Budget	Final Budget	2010 Actual	Variance with Final Budget: Favorable (Unfavorable)	2009 Actual
Revenues:					
Payment in lieu of taxes	\$ 1,799,226	\$ 1,799,226	\$ 1,875,681	\$ 76,455	\$ 2,464,043
Miscellaneous	-	-	-	-	-
Total revenues	1,799,226	1,799,226	1,875,681	76,455	2,464,043
Expenditures:					
Other public service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of rev over(under) expend	1,799,226	1,799,226	1,875,681	76,455	2,464,043
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(2,734,300)	(2,734,300)	(2,865,010)	(130,710)	(1,183,000)
Sale of capital assets	-	-	-	-	-
Total other fin sources(uses)	(2,734,300)	(2,734,300)	(2,865,010)	(130,710)	(1,183,000)
Net change in fund balances	(935,074)	(935,074)	(989,329)	(54,255)	1,281,043
Fund balance - beginning	2,023,668	2,023,668	2,023,668	-	742,625
Fund balance - ending	\$ 1,088,594	\$ 1,088,594	\$ 1,034,339	\$ (54,255)	\$ 2,023,668

See accompanying notes to the financial statements.

CASSIA COUNTY

**Statement of Fiduciary Net Assets
Agency Funds
September 30, 2010**

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 395,867
Other Assets	-
Total assets	395,867
LIABILITIES	
Vouchers Payable and Accrued Liabilities	349,926
Deferred Revenue	-
Total liabilities	349,926
NET ASSETS	
Held in Trust	45,941
Total Net Assets	\$ 45,941

See accompanying notes to the financial statements.

CASSIA COUNTY

Notes to Financial Statements September 30, 2010

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, 2010

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, 2010

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, \$3,165,824 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>	<u>Weighted Avg Maturity (years)</u>
Idaho State Local Government Investment Pool	\$ 55,990	0.29
Federal Government Agency Bonds	3,373,772	8.6
Total Fair Value	\$ 3,429,762	

The Idaho State Investment Pool is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as "Investment in an External Investment Pool" and is exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The Federal Government Agency Bonds are subject to custodial credit risk to the extent that the combined balance exceeds \$500,000 because the related securities are uninsured (when in excess of the SIPC limit of \$500,000), unregistered and 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.

CASSIA COUNTY

Notes to Financial Statements September 30, 2010

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

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

CASSIA COUNTY

Notes to Financial Statements
September 30, 2010

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.

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 9/30/09	Additions	Deletions	Balance 9/30/10
Governmental Activities				
Cost / Historical Value:				
Land (non-depreciable)	\$ 1,066,801	\$ -	\$ -	\$ 1,066,801
Buildings	3,675,226	-	-	3,675,226
Improvements other than buildings	522,376	57,369	(86,043)	493,702
Construction in Process	-	-	-	-
Infrastructure assets	9,545,477	-	-	9,545,477
Equipment/Vehicles	2,876,127	411,666	(64,453)	3,223,340
Total	17,686,007	469,035	(150,496)	18,004,546
Accumulated Depreciation:				
Buildings	1,385,851	85,004	-	1,470,855
Improvements other than buildings	389,617	63,965	-	453,582
Infrastructure assets	9,307,841	28,089	-	9,335,930
Equipment/Vehicles	1,973,287	272,195	-	2,245,482
Total	13,056,596	449,253	-	13,505,849

CASSIA COUNTY

Notes to Financial Statements September 30, 2010

	Balance 9/30/08	Additions	Deletions	Balance 9/30/09
Net Book Value:				
Land (non-depreciable)	1,066,801	-	-	1,066,801
Buildings	2,289,375	(85,004)	-	2,204,371
Improvements other than buildings	132,759	(6,596)	(86,043)	40,120
Construction in Process	-	-	-	-
Infrastructure assets	237,636	(28,089)	-	209,547
Equipment/Vehicles	902,840	139,471	(64,453)	977,858
Total	\$ 4,629,411	\$ 19,782	\$ (150,496)	\$ 4,498,697

Component Unit

Cost / Historical Value:

Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Equipment/Vehicles	92,244	3,200	-	95,444
Total	92,244	3,200	-	95,444

Accumulated Depreciation:

Equipment/Vehicles	40,665	9,409	-	50,074
Total	40,665	9,409	-	50,074

Net Book Value:

Land (non-depreciable)	-	-	-	-
Equipment/Vehicles	51,579	(6,209)	-	45,370
Total	\$ 51,579	\$ (6,209)	\$ -	\$ 45,370

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	\$ 51,073
Highways and Roads	65,318
Public Safety	281,270
Other Public Service	38,627
Culture & Recreation	12,965
Total Governmental Activities Depreciation	\$ 449,253

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:

CASSIA COUNTY

Notes to Financial Statements September 30, 2010

FYE Sept. 30:	Principal	Interest	Total
2011	23,618	5,972	29,590
2012	24,872	4,718	29,590
2013	26,193	3,397	29,590
2014	27,584	2,006	29,590
2015	10,208	542	10,750
Total	\$ 112,475	\$ 16,635	\$ 129,110

As of September 30, 2009, the note described above is the only long-term debt obligation of the County. The following is a summary of changes in long-term debt:

	Balance at 9/30/2009	Additions	Reductions	Balance at 9/30/2010
Landfill Closure Note	\$ 134,902	\$ -	\$ (22,427)	\$ 112,475
	\$ 134,902	\$ -	\$ (22,427)	\$ 112,475

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. After 5 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/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined 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, 2010, 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 employer contributions required and paid were \$537,324, \$532,599, and \$493,144 for the three years ended September 30, 2010, 2009, and 2008 respectively.

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.

CASSIA COUNTY

Notes to Financial Statements
September 30, 2010

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.

NOTE 8: FUND DEFICITS

As of September 30, 2010, the County Elections fund had a deficit balance of \$3,403.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

During the year ended September 30, 2010, 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 \$65,000 per year, its share of the costs as stated in the current agreement.

The County has entered into agreements with several service providers for medical, dental, ambulance, software support and consulting services. All such agreements may be cancelled by either party with 30 days written notice. The County is contingently liable for payments of approximately \$35,000 per month under the terms of these agreements.

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. The County has also contracted with a service provider for inmate meals at the Mini-Cassia Criminal Justice center. The price of the meals varies depending on the inmate population. The contract term is one year, but may be cancelled by either party with 90 days written notice.

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: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 18, 2011, the audit report date.

NOTE 13: ADJUSTMENT TO BEGINNING FUND BALANCE

An adjustment of \$103,000 was made to the fund balance of the Road & Bridge fund (decrease) and the Physical Facilities fund (increase) to correct the recording of a loan between the two funds.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds (continued, page 2 of 3)
September 30, 2010

	County Elections	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force
ASSETS											
Cash and investments	\$ -	\$ 5,959	\$ 59,455	\$ 16,443	\$ -	\$ -	\$ 662	\$ 20,764	\$ 57,100	\$ -	\$ 90,372
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	12	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 5,959	\$ 59,455	\$ 16,443	\$ -	\$ -	\$ 662	\$ 20,764	\$ 57,100	\$ 12	\$ 90,372
LIABILITIES AND FUND EQUITY											
Liabilities:											
Vouchers payable	\$ 3,403	\$ 5,959	\$ 84	\$ 12,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	7	-
Total liabilities	3,403	5,959	84	12,712	-	-	-	-	-	7	-
Fund Balance:											
Reserved	-	-	-	-	-	-	-	-	-	5	-
Unreserved	(3,403)	-	59,371	3,731	-	-	662	20,764	57,100	-	90,372
Total fund balances	(3,403)	-	59,371	3,731	-	-	662	20,764	57,100	5	90,372
Total liab. and fund bal.	\$ -	\$ 5,959	\$ 59,455	\$ 16,443	\$ -	\$ -	\$ 662	\$ 20,764	\$ 57,100	\$ 12	\$ 90,372

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
ASSETS										
Cash and investments	\$ 293,300	\$ 357,625	\$ 54,005	\$ 207,186	\$ 77,778	\$ 27,378	\$ 3,934	\$ 44,561	\$ 139,750	\$ 604,777
Receivables:										
Taxes	21,190	9	-	6,745	8,352	4,535	516	9,287	7,370	-
Other	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 314,490	\$ 357,634	\$ 54,005	\$ 213,931	\$ 86,130	\$ 31,913	\$ 4,450	\$ 53,848	\$ 147,120	\$ 604,777
LIABILITIES AND FUND EQUITY										
Liabilities:										
Vouchers payable	\$ 23,866	\$ 10,600	\$ 830	\$ 17,115	\$ 39,775	\$ -	\$ -	\$ -	\$ 14,360	\$ 7,902
Accrued liabilities	-	346	-	512	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	18,380	9	-	5,856	7,249	3,936	449	8,058	6,397	-
Total liabilities	42,246	10,955	830	23,483	47,024	3,936	449	8,058	20,757	7,902
Fund Balance:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	272,244	346,679	53,175	190,448	39,106	27,977	4,001	45,790	126,363	596,875
Total fund balances	272,244	346,679	53,175	190,448	39,106	27,977	4,001	45,790	126,363	596,875
Total liab. and fund bal.	\$ 314,490	\$ 357,634	\$ 54,005	\$ 213,931	\$ 86,130	\$ 31,913	\$ 4,450	\$ 53,848	\$ 147,120	\$ 604,777

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Balance Sheet

Nonmajor Governmental Funds (continued, page 3 of 3)

September 30, 2010

	DARE Trust	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	\$ 5,442	\$ 146,599	\$ 1,722,352	\$ -	\$ -	\$ 136,470	\$ 168,252	\$ 16,578	\$ 2,737	\$ 4,259,479
Receivables:										
Taxes	-	-	-	-	-	-	-	-	-	58,016
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Restricted Assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 5,442	\$ 146,599	\$ 1,722,352	\$ -	\$ -	\$ 136,470	\$ 168,252	\$ 16,578	\$ 2,737	\$ 4,317,495
LIABILITIES AND FUND EQUITY										
Liabilities:										
Vouchers payable	\$ -	\$ -	\$ 643	\$ -	\$ -	\$ -	\$ 10,192	\$ -	\$ -	\$ 147,441
Accrued liabilities	-	-	-	-	-	-	-	-	-	858
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	50,341
Total liabilities	-	-	643	-	-	-	10,192	-	-	198,640
Fund Balance:										
Reserved	-	-	-	-	-	-	-	-	-	5
Unreserved	5,442	146,599	1,721,709	-	-	136,470	158,060	16,578	2,737	4,118,850
Total fund balances	5,442	146,599	1,721,709	-	-	136,470	158,060	16,578	2,737	4,118,855
Total liab. and fund bal.	\$ 5,442	\$ 146,599	\$ 1,722,352	\$ -	\$ -	\$ 136,470	\$ 168,252	\$ 16,578	\$ 2,737	\$ 4,317,495

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, 2010

	Indigent	District Court	County Roads	Weed & Pest	Ambulance Service	Fair Exhibit	Historical Society	Jr. College	Revaluation	911 Commun.
Revenues:										
Taxes - property	\$ 382,986	\$ 237	\$ 36,264	\$ 113,981	\$ 144,444	\$ 77,397	\$ 10,079	\$ 168,280	\$ 125,022	\$ -
Taxes - sales and other	68,944	-	8,553	20,224	25,739	13,789	1,838	30,151	22,246	-
Fees and fines	-	209,703	-	-	-	-	-	-	-	263,870
Intergovernmental	-	-	176,774	-	-	-	-	80,258	-	-
Interest	-	-	-	-	-	-	-	-	-	6,303
Grants and miscellaneous	186,293	6	31,195	87,036	-	-	-	-	3,925	-
Total revenues	638,223	209,946	252,786	221,241	170,183	91,186	11,917	278,689	151,193	270,173
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Indigent Assistance	553,811	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	293,808	-	-	-	-	-	-	-
Public safety	-	-	-	-	180,077	-	-	-	-	350,618
Other public service	-	277,010	-	187,647	-	-	-	359,850	202,980	-
Culture and recreation	-	-	-	-	-	145,817	12,500	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	553,811	277,010	293,808	187,647	180,077	145,817	12,500	359,850	202,980	350,618
Excess of revenues over (under) expenditures	84,412	(67,064)	(41,022)	33,594	(9,894)	(54,631)	(583)	(81,161)	(51,787)	(80,445)
Other financing sources (uses)										
Transfers in	150,000	-	90,000	60,000	-	55,000	-	106,300	80,000	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	150,000	-	90,000	60,000	-	55,000	-	106,300	80,000	-
Net change in fund balances	234,412	(67,064)	48,978	93,594	(9,894)	369	(583)	25,139	28,213	(80,445)
Fund balance - beginning	37,832	413,743	4,197	96,854	49,000	27,608	4,584	20,651	98,150	677,320
Fund balance - ending	\$ 272,244	\$ 346,679	\$ 53,175	\$ 190,448	\$ 39,106	\$ 27,977	\$ 4,001	\$ 45,790	\$ 126,363	\$ 596,875

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, 2010

	County Elections	Boat License	Snow Mobile License	Drivers License	Police Reserve	Juvenile Justice	Court Interlock	EMS Fees	Narc. Seized Assets	Bond Int & Redempt.	Drug Task Force
Revenues:											
Taxes - property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23	\$ -
Taxes - sales and other	-	-	-	-	-	-	-	-	-	-	-
Fees and fines	-	25,828	15,494	149,429	-	-	2,507	6,930	-	-	14,114
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Grants and miscellaneous	3,909	-	-	-	-	-	-	-	1,000	-	52,270
Total revenues	3,909	25,828	15,494	149,429	-	-	2,507	6,930	1,000	23	66,384
Expenditures:											
General government	68,675	-	-	148,756	-	-	-	-	-	-	-
Indigent Assistance	-	-	-	-	-	-	-	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	6,500	941	-	88,998
Other public service	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	17,438	11,186	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	68,675	17,438	11,186	148,756	-	-	-	6,500	941	-	88,998
Excess of revenues over (under) expenditures	(64,766)	8,390	4,308	673	-	-	2,507	430	59	23	(22,614)
Other financing sources (uses)											
Transfers in	61,363	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(8,390)	-	-	-	-	(7,600)	-	-	(25)	-
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	61,363	(8,390)	-	-	-	-	(7,600)	-	-	(25)	-
Net change in fund balances	(3,403)	-	4,308	673	-	-	(5,093)	430	59	(2)	(22,614)
Fund balance - beginning	-	-	55,063	3,058	-	-	5,755	20,334	57,041	7	112,986
Fund balance - ending	\$ (3,403)	\$ -	\$ 59,371	\$ 3,731	\$ -	\$ -	\$ 662	\$ 20,764	\$ 57,100	\$ 5	\$ 90,372

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, 2010

	DARE Trust	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,058,713
Taxes - sales and other	-	-	-	-	-	-	-	-	-	191,484
Fees and fines	-	9,970	-	-	-	-	430,656	-	-	1,128,501
Intergovernmental	-	-	11,698	-	-	1,615,869	-	-	-	1,884,599
Interest	-	-	-	-	-	-	-	-	-	6,303
Grants and miscellaneous	2,949	-	39,093	63,655	-	-	7,475	-	-	478,806
Total revenues	2,949	9,970	50,791	63,655	-	1,615,869	438,131	-	-	4,748,406
Expenditures:										
General government	-	-	69,275	-	-	1,734,278	-	-	-	2,020,984
Indigent Assistance	-	-	-	-	-	-	-	-	-	553,811
Highways and roads	-	-	-	-	-	-	-	-	-	293,808
Public safety	4,189	10,276	-	-	-	-	429,802	-	-	1,071,401
Other public service	-	-	-	-	-	-	-	-	-	1,027,487
Culture and recreation	-	-	-	-	-	-	-	-	-	186,941
Debt Service	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,189	10,276	69,275	-	-	1,734,278	429,802	-	-	5,154,432
Excess of revenues over (under) expenditures	(1,240)	(306)	(18,484)	63,655	-	(118,409)	8,329	-	-	(406,026)
Other financing sources (uses)										
Transfers in	-	-	260,710	-	-	-	16,860	-	-	880,233
Transfers out	-	-	-	(63,655)	-	-	-	-	-	(79,670)
Proceeds from sale of cap. assets	-	-	-	-	-	-	-	-	-	-
Total other fin. sources (uses)	-	-	260,710	(63,655)	-	-	16,860	-	-	800,563
Net change in fund balances	(1,240)	(306)	242,226	-	-	(118,409)	25,189	-	-	394,537
Fund balance - beginning	6,682	146,905	1,479,483	-	-	254,879	132,871	16,578	2,737	3,724,318
Fund balance - ending	\$ 5,442	\$ 146,599	\$ 1,721,709	\$ -	\$ -	\$ 136,470	\$ 158,060	\$ 16,578	\$ 2,737	\$ 4,118,855

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets

Agency Funds

September 30, 2010

	Range Improv Fund	Assessor Trust Fund	State Fund	Water Districts Fund	Court Trust	Taxing Districts Fund	Court Bonds
ASSETS							
Cash and Investments	\$ -	\$ 166,179	\$ 16,715	\$ -	\$ 118,574	\$ -	\$ 9,869
Other Assets	-	-	-	-	-	-	-
Total assets	-	166,179	16,715	-	118,574	-	9,869
LIABILITIES							
Vouchers Payable	-	154,210	16,376	9	81,790	-	-
Accrued liabilities	-	11,969	-	-	386	-	7,526
Deferred Revenue	-	-	-	-	-	-	-
Total liabilities	-	166,179	16,376	9	82,176	-	7,526
NET ASSETS							
Held in Trust	-	-	339	(9)	36,398	-	2,343
Total Net Assets	\$ -	\$ -	\$ 339	\$ (9)	\$ 36,398	\$ -	\$ 2,343

See accompanying notes to the financial statements.

CASSIA COUNTY

Combining Statement of Fiduciary Net Assets
Agency Funds (continued, page 2 of 2)
September 30, 2010

	Court Restitution	Judgments Trust	Box Elder Bookmobile	Sheriffs Account	Tax Collector Account	Total Agency Funds
ASSETS						
Cash and Investments	\$ (3,156)	\$ -	\$ 10,915	\$ 3,385	\$ 73,386	\$ 395,867
Other Assets	-	-	-	-	-	-
Total assets	(3,156)	-	10,915	3,385	73,386	395,867
LIABILITIES						
Vouchers Payable	889	-	-	3,385	73,386	330,045
Accrued liabilities	-	-	-	-	-	19,881
Deferred Revenue	-	-	-	-	-	-
Total liabilities	889	-	-	3,385	73,386	349,926
NET ASSETS						
Held in Trust	(4,045)	-	10,915	-	-	45,941
Total Net Assets	\$ (4,045)	\$ -	\$ 10,915	\$ -	\$ -	\$ 45,941

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, each major fund, the aggregate remaining fund information and the discretely presented component unit of Cassia County, Idaho (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 18, 2011. 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 deficiency described in the accompanying schedule of findings and responses to be a significant deficiency 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 the significant deficiency described in item 2010-1 of the accompanying schedule of findings and responses 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, 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

February 18, 2011

CASSIA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2010

Finding 2010-1: Lack of ability to independently prepare financial statements and related footnote disclosures - Repeat Finding

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.

Evans & Poulsen P.A.

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Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA

February 28, 2011

Board of Commissioners
Cassia County, Idaho

Dear Commissioners:


In planning and performing our audit of the financial statements of Cassia County, for the year ended September 30, 2010, we considered its internal control 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.

The following items of internal control were noted during our audit and we have made the following recommendations to improve County controls with regards to these items:

Finding - Several in-kind grants had not been recorded in the County's financial statements prior to the audit. This is a repeat finding.

Recommendation - We recommend that the County monitor throughout the year federal grants issued through the State using the State's website, and properly record and account for all such grants.

Finding - Some departments appear to consistently budget higher expenditures than are necessary. This can result in higher than necessary tax assessments by the County. This is a repeat finding.

Recommendation - We recommend that the County monitor proposed budgets and encourage those departments with excess budgeted expenditures to adjust the budget to amounts more in line with actual expenditures. 

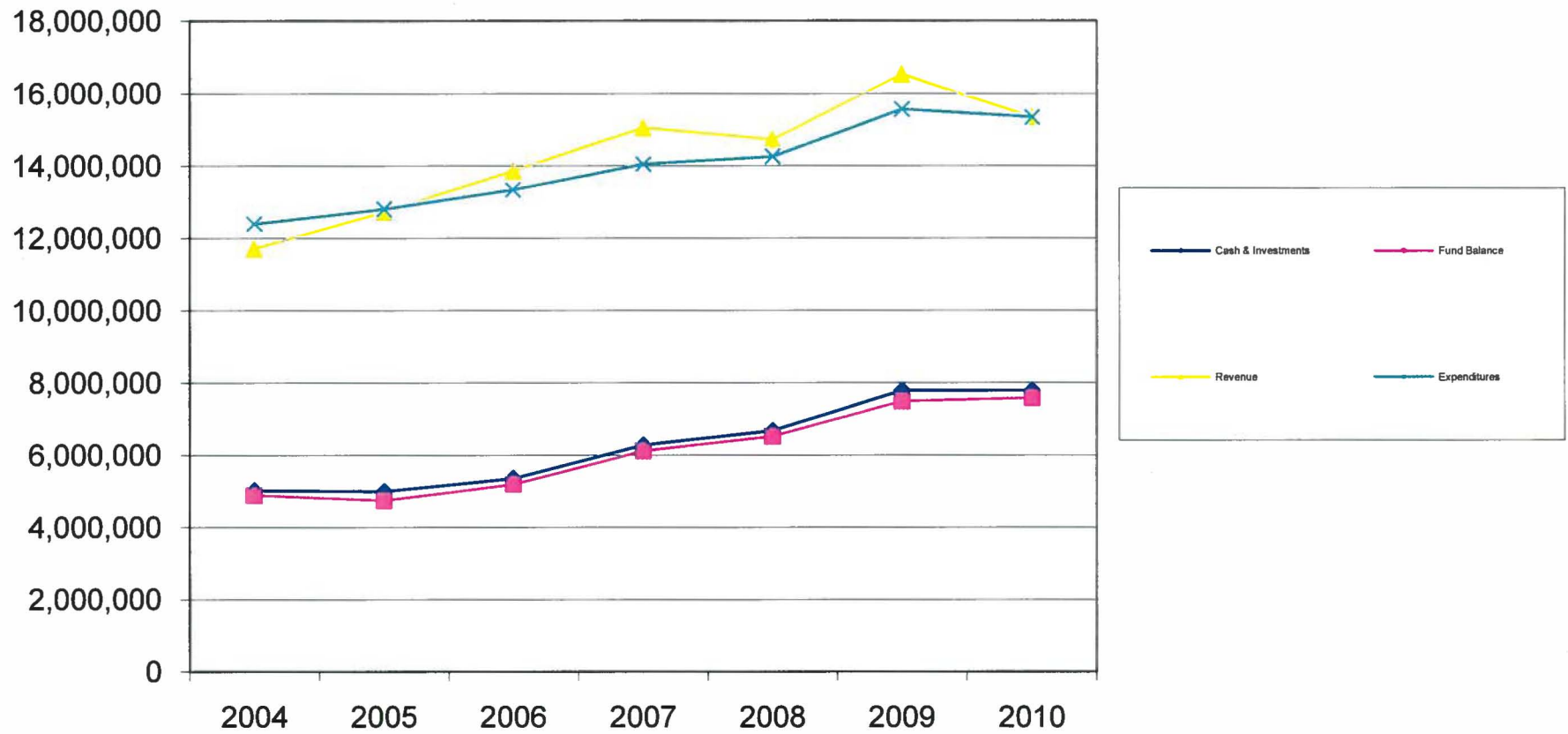
Finding - During our audit we noted that the bank deposit and investment accounts were not always reconciled in a timely manner. This is a repeat finding.

Recommendation - We recommend that all bank deposit and investment accounts be reconciled on a monthly basis to ensure timely recording of all cash transactions.

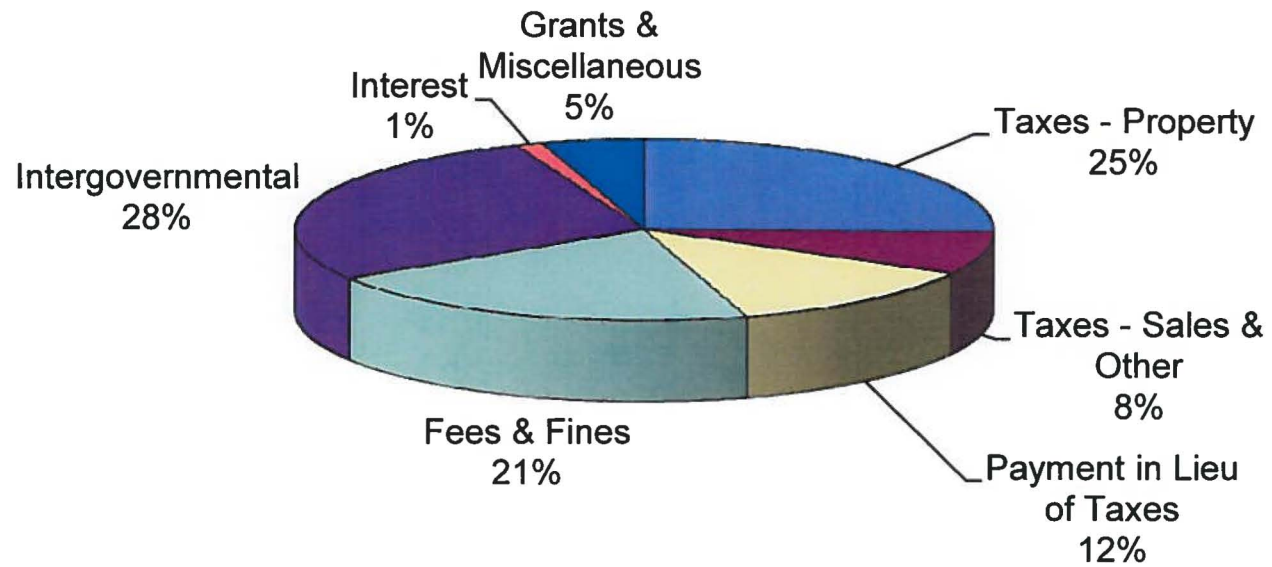
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CASSIA COUNTY GOVERNMENTAL FUNDS



CASSIA COUNTY REVENUES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010



**CASSIA COUNTY EXPENDITURES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2010**

