



Cache County, Utah 1857-2007
Celebrating 150 Years

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

CACHE COUNTY

FINANCIAL STATEMENTS

December 31, 2006

**CACHE COUNTY
FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Cache County Council
Logan, UT 84321

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cache County, Utah, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bridgerland Community Ice Arena (a component unit of North Park Interlocal Cooperative), which represent 3 percent, 3 percent, and 5 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bridgerland Community Ice Arena, is based on the report of the other auditors.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cache County, Utah, as of December 31, 2006, and the respective changes in financial position 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 a report dated June 21, 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison schedules as listed in the table of contents are not a required part of the basic financial statements but are 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 and measurement and presentation of the required 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of transient room taxes and tourism, recreation, cultural and convention facilities taxes is presented for purposes of additional analysis as required by the Utah Code section 17-31-5.5(3) and is also not a required part of the basic financial statements. The supplementary information and the schedules described above have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Jones Simkins, P.C.".

JONES SIMKINS, P.C.

June 21, 2007

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

INTRODUCTION

The following discussion and analysis of Cache County is presented as an overview of the financial activities for the year ended December 31, 2006. Readers should consider information presented here in context with the financial statements and the notes to the financial statements for a full understanding of the financial condition of the County.

FINANCIAL HIGHLIGHTS

- The County's net assets in the amount of \$35,563,016 at year end represent an increase of \$2,674,675 over the prior year. The portion of these net assets which represents the amount the County can use to meet on-going financial obligations is the unrestricted net assets. This amount was \$3,701,848 at year-end, a decrease of \$760,404 from the prior year.
- Total debt of the County as of December 31, 2006, was \$14,855,000 of which \$665,000 is due within one year. This amount represents a decrease of \$797,752 over the previous year. The County did not incur new debt; therefore the reduction is entirely due to debt payments made during the year.
- As of the end of the year, the combined fund balances of the County amounted to \$17,663,066, an increase of \$2,916,146 from the prior year. Approximately 72% or 12,629,362, is available for appropriation and spending.
- The unreserved and undesignated fund balance of the General Fund at December 31, 2006 was \$4,330,179. This amount is approximately 27% of the total expenditures of the General Fund.
- The County contributed \$2,080,000 from the General Fund to the Capital Projects Fund to facilitate future capital projects.

USING THIS ANNUAL REPORT

This annual financial report consists of financial statements from two different perspectives. The Statement of Net Assets and the Statement of Activities, known as the government-wide financial statements, provide information to help assess a long-term view of the County's financial health. Fund financial information is also provided to show how services are financed in the short-term as well as what financing remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The Statement of Net Assets and the Statement of Activities

These statements report *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The County's *net assets* and changes in them are also reported in these statements. Net assets – the difference between assets and liabilities – can be thought of as one way to measure financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are an indicator of whether its financial health is improving or deteriorating.

The County's activities are divided into two basic groups:

- Governmental activities – The County's basic services are reported here and are principally supported by taxes and intergovernmental revenues such as state and federal grants. These activities include general government, public safety, highways and streets, health, welfare, and culture and recreation.
- Component units – Some separate legal entities are included in the County's report because the County is financially accountable for them. The entities include the Logan-Cache Airport Authority, North Park Interlocal Cooperative, which includes the Bridgerland Community Ice Arena as its own component unit, the Bear River Health Department, Cache County Emergency Medical Service Authority, and Roads Special Service District.

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

A third common division is *business-type* activities. These types of activities are intended to recover all or most of their costs through user fees and charges. Notably, the County does not have any business-type activities.

Fund financial statements

A *fund* is a set of closely related accounts used to maintain control over financial resources which have been segregated for specific activities or purposes. The County uses fund accounting, as do other state and local governments, to ensure and demonstrate compliance with finance-related legal requirements. There are three broad classifications of fund *types*: governmental funds, proprietary funds, and fiduciary funds. All of the funds of the County can be classified either as a governmental fund or a fiduciary fund.

Governmental funds *Governmental funds* include essentially the same functions and services as discussed above under governmental activities shown in the government-wide statements. However, governmental fund financial statements differ from the government-wide statements by focusing on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at year-end. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental fund financial statements have a narrower focus than the government-wide statements and it is therefore useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Better understanding is then readily gained of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Cache County maintains 16 individual governmental funds, four of which are considered *major funds*. These funds include the General, Municipal Services, Mental Health, and Capital Projects funds. Information for the major funds is presented separately. Data for the other 12 *nonmajor funds* are presented in the aggregate. Individual fund data for each of these nonmajor governmental funds is presented in the form of *combining statements* in the supplementary information section of the report.

The County is required to adopt an annual budget showing appropriations for all governmental funds. To demonstrate legal compliance, schedules comparing budgeted amounts to actual amounts for the General Fund and the other major funds are included in the required supplementary information. Budgetary comparison schedules for all other funds required to demonstrate legal compliance are included in the supplementary information. The community foundation fund is not required by state law to adopt a budget. Therefore there is no corresponding budgetary comparison schedule provided.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the programs of the County.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE COUNTY AS A WHOLE

As noted earlier, net assets may serve over time as a beneficial tool in determining whether the financial position of the County is improving or deteriorating. In the case of Cache County, assets exceeded liabilities by \$35,563,016 as of December 31, 2006, an improvement of \$2,674,675 over the prior year.

The majority of the net assets of the County (\$18,616,388 or 52.3%) reflect its investment in capital assets (e.g. land, construction in process, buildings & improvements, machinery and equipment, and infrastructure) less any related debt used to acquire the assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

CACHE COUNTY'S NET ASSETS
Governmental Activities

| | <u>2006</u> | <u>2005</u> | <u>% Change</u> |
|-----------------------------------|----------------------|----------------------|-----------------|
| Current and other assets | \$ 20,217,934 | \$ 17,705,445 | 14.2 |
| Capital assets | <u>33,471,388</u> | <u>34,218,895</u> | (2.2) |
| Total assets | <u>53,689,322</u> | <u>51,924,340</u> | 3.4 |
| | | | |
| Long-term liabilities outstanding | 15,953,439 | 16,459,474 | (3.1) |
| Other liabilities | <u>2,172,867</u> | <u>2,576,525</u> | (15.7) |
| Total liabilities | <u>18,126,306</u> | <u>19,035,999</u> | (4.8) |
| | | | |
| Net assets | | | |
| Invested in capital assets, | | | |
| net of related debt | 18,616,388 | 18,566,143 | 0.3 |
| Restricted | 13,244,780 | 9,859,946 | 34.3 |
| Unrestricted | <u>3,701,848</u> | <u>4,462,252</u> | (17.0) |
| Total net assets | <u>\$ 35,563,016</u> | <u>\$ 32,888,341</u> | 8.1 |

An additional \$13,244,780, or 37.2%, of the net assets of the County represents restricted net assets. These assets are restricted because of various contracts and agreements with outside entities, or laws and regulations, which dictate how these resources may be used. The remaining balance of \$3,701,848 of *unrestricted net assets* may be used to meet the general, on-going financial obligations of the County.

Governmental activities

None of the operations of Cache County are classified as *Business-type activities*. Therefore, the entire increase in net assets of \$2,674,675 over the prior year is attributable to governmental activities.

In total, revenues for the County increased \$370,392, or 1.2%, over the prior year. Increased tax revenues of \$1,440,740 were largely offset by decreased program revenues of \$1,119,306. Property tax revenue, the most significant tax revenue source, grew by \$783,069, or 7.6%, and totaled \$11,020,306. This increase represents new growth in the County as there was no tax increase. Sales tax revenue, the second most significant tax revenue source, grew by \$626,130, or 10.5%, and totaled \$6,565,342. No new tax rates were established for sales tax. The increase is an indicator of the strong economic growth of the County. Of the decline in program revenues, grants and contributions represent the most significant decrease amounting to \$858,776. The most significant single source of lost grant revenue is due to the reduction by the federal government in Homeland Security and Law Enforcement Terrorism Prevention grants. The County's revenue decreased by \$476,328 in these programs. In addition to decreases in grants, the County also had decreased revenue in the Jail. The State of Utah decreased the payments for inmates under the Condition of Probation program from the prior year. Also, as the County's own inmate population has increased there has been a decreased ability to house state inmates. Corresponding revenue from the state has therefore, decreased. The total decrease from these programs was \$194,473.

Expenses increased by \$906,729, or 3.4%, over the prior year, primarily driven by higher payroll costs. Public safety programs continue to be the most costly programs in the County. Payroll costs in Public Safety alone rose more than \$700,000 over the prior year. Total expenditures for public safety represent 43.4% of total expenditures for the County. The largest portion of that budget goes toward operations of the County jail.

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

CHANGES IN CACHE COUNTY'S NET ASSETS
 Governmental Activities

| | <u>2006</u> | <u>2005</u> | <u>% Change</u> |
|------------------------------------|----------------------|----------------------|-----------------|
| Revenues | | | |
| Program revenues: | | | |
| Charges for services | \$ 6,164,814 | \$ 6,425,344 | (4.1) |
| Operating grants and contributions | 5,080,340 | 5,542,935 | (8.3) |
| Capital grants and contributions | 14,310 | 410,491 | (96.5) |
| General revenues: | | | |
| Property taxes | 11,020,306 | 10,237,237 | 7.6 |
| Sales taxes | 6,565,342 | 5,939,212 | 10.5 |
| Other taxes | 296,473 | 264,932 | 11.9 |
| Other general revenues | <u>1,423,197</u> | <u>1,374,239</u> | 3.6 |
| Total revenues | <u>30,564,782</u> | <u>30,194,390</u> | 1.2 |
| Expenses | | | |
| General government | 6,925,795 | 6,759,810 | 2.5 |
| Public safety | 12,090,958 | 11,388,918 | 6.2 |
| Highways and streets | 2,206,367 | 2,115,370 | 4.3 |
| Health | 3,263,351 | 3,218,835 | 1.4 |
| Welfare | 62,000 | 54,500 | 13.8 |
| Culture and recreation | 2,623,028 | 2,698,725 | (2.8) |
| Interest on long-term debt | <u>718,608</u> | <u>747,220</u> | (3.8) |
| Total program expenses | <u>27,890,107</u> | <u>26,983,378</u> | 3.4 |
| Increase in net assets | 2,674,675 | 3,211,012 | (16.7) |
| Net assets - January 1 | <u>32,888,341</u> | <u>29,677,329</u> | 10.8 |
| Net assets - December 31 | <u>\$ 35,563,016</u> | <u>\$ 32,888,341</u> | 8.1 |

THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with the Uniform Fiscal Procedures Act (Utah Code Title 17 Chapter 36).

Governmental funds

The focus of the governmental funds of the County is to provide information on near-term inflows, outflows, and balances of resources available for appropriation. Such information is a useful measure of the net resources of the County available for spending at the end of the year.

As of December 31, 2006 the combined fund balance of the governmental funds of the County was \$17,663,066, an increase of \$2,916,146 in comparison with the prior year. Of that fund balance, \$12,629,362 was unreserved and undesignated and was available for appropriation by the County at its discretion. The remainder of the fund balance was either reserved or designated and was not available for new spending.

The general fund is the principal operating fund of the County. As of December 31, 2006, the undesignated fund balance of the general fund was \$4,330,179. This amount represents 27.0% of the total expenditures of the general fund.

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

The municipal services fund accounts for services provided to citizens in the unincorporated areas of the County. The unreserved, undesignated fund balance in the municipal services fund was \$529,098 as of December 31, 2006.

General Fund Budgetary Highlights

The final adopted revenues budget increased by \$1,375,592 over the original budget. The majority of the change was due to sales taxes which had an increase of \$301,200, intergovernmental revenues which had an increase of \$320,789, and charges for services which had an increase of \$520,019, for a combined increase of \$1,142,008. Sales tax and intergovernmental revenues exceeded their final budgets, but the charges for services did not fully materialize. Notwithstanding the shortfall in charges for services, total actual revenues were \$292,349 higher than the final budgeted amounts. Additional miscellaneous revenue helped offset the revenue shortfall from charges for services.

Budgeted expenditures increased by a total amount of \$1,721,680 over the original budget. Increases in public safety expenditures account for more than half of the increase. The most significant of those departmental increases were in the fire department and the County jail. However, none of the increased budget amount for the jail was used and less than half was used by the fire department.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The investment in capital assets, net of accumulated depreciation, of the County for its governmental activities totaled \$33,471,388 as of December 31, 2006. This investment in capital assets includes land, construction in process, buildings and improvements, machinery, equipment and infrastructure. The total amount decreased from the prior year by \$747,507 or 2.2%. The large change in the categories of construction in process and buildings and improvements represents the completion of the historic courthouse construction. The building was opened in January of 2006 and the value was transferred from construction in process to buildings and improvements.

CACHE COUNTY'S CAPITAL ASSETS
Governmental Activities
(net of depreciation)

| | 2006 | 2005 |
|----------------------------|---------------|---------------|
| Land | \$ 2,477,015 | \$ 2,477,014 |
| Construction in process | - | 1,895,750 |
| Buildings and improvements | 18,054,283 | 16,428,967 |
| Machinery and equipment | 3,945,779 | 4,076,854 |
| Infrastructure | 8,994,311 | 9,340,310 |
| Total capital assets, net | \$ 33,471,388 | \$ 34,218,895 |

Long-term debt

Total bonded debt outstanding as of December 31, 2006 was \$14,855,000, compared to \$15,495,000 in the prior year consisting of revenue bonds. No additional long-term debt was incurred during 2006, so the reduction represents payment on existing debt. Through the year, the County's bond rating for these revenue bonds (backed by sales tax) was AA-. In connection with an advance refunding of a portion of these bonds after the end of the year, Standard and Poors upgraded the bond rating to AA.

CACHE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

CACHE COUNTY'S OUTSTANDING BONDS
Governmental Activities

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Revenue Bonds (backed by sales tax) | <u>\$ 14,855,000</u> | <u>\$ 15,495,000</u> |

In addition to the revenue bonds, the County's long -term obligations include an accrual for compensated absences in the amount of \$1,098,439. The County completed payments on existing capital leases during the year and did not enter any new capital lease contracts. More detailed information about the long-term liabilities of the County can be found in the long-term debt note disclosure.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances for citizens, taxpayers, creditors and all others with an interest in the government's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the County Auditor's office at 179 North Main, Logan, UT, 84321.

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BASIC FINANCIAL STATEMENTS

CACHE COUNTY
Statement of Net Assets
December 31, 2006

| | <u>Primary Government</u> | | <u>Component Units</u> |
|---|------------------------------------|----------------------|----------------------------|
| | <u>Governmental Activities</u> | <u>Total</u> | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,957,285 | \$ 8,957,285 | \$ 2,436,647 |
| Equity in investment pool | 7,872,394 | 7,872,394 | 912,033 |
| Taxes receivable, net | 1,658,013 | 1,658,013 | 58,096 |
| Accounts receivable, net | 263,492 | 263,492 | 1,706,851 |
| Pledges receivable | - | - | 196,395 |
| Due from other governments | 1,249,705 | 1,249,705 | 20,126 |
| Restricted investments | 203,050 | 203,050 | 321,029 |
| Inventory | - | - | 235,913 |
| Other assets | 13,995 | 13,995 | 60,973 |
| Noncurrent pledges receivable, net | - | - | 186,504 |
| Capital assets: | | | |
| Land | 2,477,015 | 2,477,015 | 1,477,830 |
| Buildings, improvements, and equipment | 33,139,739 | 33,139,739 | 22,893,192 |
| Infrastructure | 11,241,971 | 11,241,971 | - |
| Less: accumulated depreciation | <u>(13,387,337)</u> | <u>(13,387,337)</u> | <u>(5,708,515)</u> |
| Total assets | <u>53,689,322</u> | <u>53,689,322</u> | <u>24,797,074</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 2,158,341 | 2,158,341 | 837,817 |
| Deferred revenue | 14,526 | 14,526 | 52,480 |
| Long-term liabilities: | | | |
| Due within one year | 1,598,673 | 1,598,673 | 422,000 |
| Due in more than one year | <u>14,354,766</u> | <u>14,354,766</u> | <u>1,170,000</u> |
| Total liabilities | <u>18,126,306</u> | <u>18,126,306</u> | <u>2,482,297</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 18,616,388 | 18,616,388 | 17,412,507 |
| Restricted for: | | | |
| Highways and streets | 4,813,117 | 4,813,117 | - |
| Capital projects | 2,782,400 | 2,782,400 | 496,612 |
| Debt service | 160,949 | 160,949 | 201,700 |
| Other purposes | 5,488,314 | 5,488,314 | - |
| Unrestricted | <u>3,701,848</u> | <u>3,701,848</u> | <u>4,203,958</u> |
| Total net assets | <u>\$ 35,563,016</u> | <u>\$ 35,563,016</u> | <u>\$ 22,314,777</u> |

The notes to the financial statements are an integral part of this statement.

CACHE COUNTY
Statement of Activities
For the Year Ended December 31, 2006

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Assets | | |
|-----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|--|----------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Component Units |
| | | | | | Governmental Activities | Total | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 6,925,795 | \$ 1,517,018 | \$ 755,683 | \$ 14,310 | \$ (4,638,784) | \$ (4,638,784) | \$ - |
| Public safety | 12,090,958 | 4,339,968 | 1,079,271 | - | (6,671,719) | (6,671,719) | - |
| Highways and streets | 2,206,367 | 39,451 | 1,191,331 | - | (975,585) | (975,585) | - |
| Health | 3,263,351 | 108,848 | 1,959,377 | - | (1,195,126) | (1,195,126) | - |
| Welfare | 62,000 | - | - | - | (62,000) | (62,000) | - |
| Culture and recreation | 2,623,028 | 159,529 | 94,678 | - | (2,368,821) | (2,368,821) | - |
| Interest on long term debt | 718,608 | - | - | - | (718,608) | (718,608) | - |
| Total governmental activities | <u>27,890,107</u> | <u>6,164,814</u> | <u>5,080,340</u> | <u>14,310</u> | <u>(16,630,643)</u> | <u>(16,630,643)</u> | <u>-</u> |
| Total primary government | <u>\$ 27,890,107</u> | <u>\$ 6,164,814</u> | <u>\$ 5,080,340</u> | <u>\$ 14,310</u> | <u>(16,630,643)</u> | <u>(16,630,643)</u> | <u>-</u> |
| Component units: | | | | | | | |
| Airport Authority | \$ 711,390 | \$ 61,436 | \$ 134,708 | \$ 2,437,143 | - | - | 1,921,897 |
| North Park Interlocal Cooperative | 795,636 | 449,169 | 253,777 | 104,485 | - | - | 11,795 |
| Bear River Health Department | 7,034,851 | 2,511,688 | 5,328,139 | 10,000 | - | - | 814,976 |
| CCEMS Authority | 2,091,454 | 1,551,318 | 501,707 | 105,000 | - | - | 66,571 |
| Nonmajor Component Units | 800 | - | 15,896 | - | - | - | 15,096 |
| Total component units | <u>\$ 10,634,131</u> | <u>\$ 4,573,611</u> | <u>\$ 6,234,227</u> | <u>\$ 2,656,628</u> | <u>-</u> | <u>-</u> | <u>2,830,335</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 11,020,306 | 11,020,306 | - |
| Sales and use taxes | | | | | 6,565,342 | 6,565,342 | 242,546 |
| Other taxes | | | | | 296,473 | 296,473 | - |
| Interest income | | | | | 1,094,385 | 1,094,385 | 168,727 |
| Miscellaneous | | | | | 328,812 | 328,812 | - |
| Total general revenues | | | | | <u>19,305,318</u> | <u>19,305,318</u> | <u>411,273</u> |
| Change in net assets | | | | | 2,674,675 | 2,674,675 | 3,241,608 |
| Net assets - beginning | | | | | <u>32,888,341</u> | <u>32,888,341</u> | <u>19,073,169</u> |
| Net assets - ending | | | | | <u>\$ 35,563,016</u> | <u>\$ 35,563,016</u> | <u>\$ 22,314,777</u> |

The notes to the financial statements are an integral part of this statement.

CACHE COUNTY
Balance Sheet
Governmental Funds
December 31, 2006

| | <u>Special Revenue</u> | | | <u>Capital Projects</u> | <u>Other</u> | <u>Total</u> |
|--|------------------------|-------------------------------|--------------------------|-----------------------------|-------------------------------|-------------------------------|
| | <u>General</u> | <u>Municipal Services</u> | <u>Mental Health</u> | | <u>Governmental Funds</u> | <u>Governmental Funds</u> |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 3,799,992 | \$ 3,942,187 | \$ - | \$ - | \$ 1,215,105 | \$ 8,957,284 |
| Equity in investment pool | - | 828,323 | 659,666 | 2,784,748 | 3,599,657 | 7,872,394 |
| Interfund receivable - investment pool | - | 244,320 | - | - | - | 244,320 |
| Taxes receivable, net | 1,026,450 | 128,720 | - | - | 502,843 | 1,658,013 |
| Accounts receivable, net | 3,808 | 2,000 | - | - | 257,684 | 263,492 |
| Due from other funds | 140,000 | - | - | - | - | 140,000 |
| Due from other governments | 657,256 | 262,061 | 214,401 | - | 115,987 | 1,249,705 |
| Prepaid expenses | 13,995 | - | - | - | - | 13,995 |
| Cash and investments - restricted | 189,820 | - | - | - | 13,230 | 203,050 |
| Total assets | <u>\$ 5,831,321</u> | <u>\$ 5,407,611</u> | <u>\$ 874,067</u> | <u>\$ 2,784,748</u> | <u>\$ 5,704,506</u> | <u>\$ 20,602,253</u> |
| LIABILITIES | | | | | | |
| Interfund payable - investment pool | 126,659 | - | - | - | 117,661 | 244,320 |
| Accounts payable and accrued liabilities | 974,376 | 47,737 | 874,067 | 2,348 | 259,813 | 2,158,341 |
| Due to other funds | - | - | - | - | 140,000 | 140,000 |
| Deferred revenue | 312,000 | - | - | - | 84,526 | 396,526 |
| Total liabilities | <u>1,413,035</u> | <u>47,737</u> | <u>874,067</u> | <u>2,348</u> | <u>602,000</u> | <u>2,939,187</u> |
| FUND BALANCES | | | | | | |
| Reserved for: | | | | | | |
| Streets | - | 4,813,117 | - | - | - | 4,813,117 |
| Health | - | - | - | - | 16,389 | 16,389 |
| Parks and recreation | - | 17,659 | - | - | - | 17,659 |
| Capital projects | - | - | - | 95,230 | - | 95,230 |
| Debt service | - | - | - | - | 3,202 | 3,202 |
| Unreserved, designated for: | | | | | | |
| Public Safety | 88,107 | - | - | - | - | 88,107 |
| Unreserved, undesignated, reported in: | | | | | | |
| General fund | 4,330,179 | - | - | - | - | 4,330,179 |
| Special revenue funds | - | 529,098 | - | - | 4,925,168 | 5,454,266 |
| Capital projects fund | - | - | - | 2,687,170 | - | 2,687,170 |
| Debt service fund | - | - | - | - | 157,747 | 157,747 |
| Total fund balances | <u>4,418,286</u> | <u>5,359,874</u> | <u>-</u> | <u>2,782,400</u> | <u>5,102,506</u> | <u>17,663,066</u> |
| Total liabilities and fund balances | <u>\$ 5,831,321</u> | <u>\$ 5,407,611</u> | <u>\$ 874,067</u> | <u>\$ 2,784,748</u> | <u>\$ 5,704,506</u> | <u>\$ 20,602,253</u> |

The notes to the financial statements are an integral part of this statement.

CACHE COUNTY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2006

Total Fund Balance - Governmental Funds \$ 17,663,066

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 are therefore not reported in the funds.

| | | |
|----------------------------|---------------------|------------|
| Land | 2,477,015 | |
| Construction in process | - | |
| Buildings and Improvements | 20,715,408 | |
| Equipment | 12,424,331 | |
| Infrastructure | 11,241,971 | |
| Accumulated depreciation | <u>(13,387,337)</u> | |
| | | 33,471,388 |

Some of the County's earned revenues will be collected after year end, but are not available soon enough to pay for the expenditures of the current period, and therefore are not liabilities in the funds. 382,000

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are deferred in the funds.

| | | |
|----------------------|--------------------|---------------------|
| Bonds payable | (14,855,000) | |
| Compensated absences | <u>(1,098,438)</u> | |
| | | <u>(15,953,438)</u> |

Net assets - Governmental activities \$ 35,563,016

The notes to the financial statements are an integral part of this statement.

CACHE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

| | <u>Special Revenue</u> | | | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|------------------------|-------------------------------|--------------------------|-----------------------------|---|---|
| | <u>General</u> | <u>Municipal Services</u> | <u>Mental Health</u> | | | |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Property taxes | \$ 8,114,829 | \$ 16,413 | \$ - | \$ - | \$ 2,889,064 | \$ 11,020,306 |
| Sales and use taxes | 3,765,145 | 695,901 | - | - | 2,104,296 | 6,565,342 |
| Other taxes | - | 1,602 | - | - | 294,871 | 296,473 |
| Total taxes | <u>11,879,974</u> | <u>713,916</u> | <u>-</u> | <u>-</u> | <u>5,288,231</u> | <u>17,882,121</u> |
| Other Revenues | | | | | | |
| Intergovernmental | 876,909 | 1,532,375 | 1,697,628 | 14,310 | 923,802 | 5,045,024 |
| Charges for services | 4,869,153 | 124,519 | - | - | 586,884 | 5,580,556 |
| Licenses and permits | 28,450 | 415,685 | - | - | - | 444,135 |
| Fines and forfeitures | 140,123 | - | - | - | - | 140,123 |
| Miscellaneous | 1,103,790 | 212,530 | - | - | 106,877 | 1,423,197 |
| Total revenues | <u>18,898,399</u> | <u>2,999,025</u> | <u>1,697,628</u> | <u>14,310</u> | <u>6,905,794</u> | <u>30,515,156</u> |
| EXPENDITURES | | | | | | |
| General government | 4,314,761 | 195,324 | - | - | 2,196,157 | 6,706,242 |
| Public safety | 10,013,899 | 809,347 | - | - | 585,583 | 11,408,829 |
| Highways and streets | 677,791 | 1,089,405 | - | - | - | 1,767,196 |
| Health | 239,704 | - | 1,697,628 | - | 1,309,509 | 3,246,841 |
| Welfare | 62,000 | - | - | - | - | 62,000 |
| Culture and recreation | 734,472 | - | - | - | 1,881,119 | 2,615,591 |
| Capital projects | - | - | - | 325,577 | - | 325,577 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 797,752 | 797,752 |
| Interest | - | - | - | - | 718,608 | 718,608 |
| Total expenditures | <u>16,042,627</u> | <u>2,094,076</u> | <u>1,697,628</u> | <u>325,577</u> | <u>7,488,728</u> | <u>27,648,636</u> |
| Excess of revenues over expenditures | <u>2,855,772</u> | <u>904,949</u> | <u>-</u> | <u>(311,267)</u> | <u>(582,934)</u> | <u>2,866,520</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions, net | 48,426 | - | - | - | 1,200 | 49,626 |
| Transfers in | 446,855 | 11,259 | - | 2,176,794 | 1,828,991 | 4,463,899 |
| Transfers out | (3,819,741) | (417,165) | - | - | (226,993) | (4,463,899) |
| Total other financing sources (uses) | <u>(3,324,460)</u> | <u>(405,906)</u> | <u>-</u> | <u>2,176,794</u> | <u>1,603,198</u> | <u>49,626</u> |
| Net change in fund balances | (468,688) | 499,043 | - | 1,865,527 | 1,020,264 | 2,916,146 |
| Fund balances - January 1 | 4,886,974 | 4,860,831 | - | 916,873 | 4,082,242 | 14,746,920 |
| Fund balances - December 31 | <u>\$ 4,418,286</u> | <u>\$ 5,359,874</u> | <u>\$ -</u> | <u>\$ 2,782,400</u> | <u>\$ 5,102,506</u> | <u>\$ 17,663,066</u> |

The notes to the financial statements are an integral part of this statement.

CACHE 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 December 31, 2006

Net Changes in Fund Balances - Total Governmental Funds \$ 2,916,146

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays and the remaining basis of disposed assets in the current year:

| | | |
|------------------------------------|-------------|-----------|
| Capital Outlay | 1,055,992 | |
| Depreciation Expense | (1,803,498) | |
| Remaining Basis of Disposed Assets | - | |
| | | (747,506) |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts were as follows:

| | | |
|-------------------------------------|---------|---------|
| Payments of Bond Principal | 640,000 | |
| Payments of Capital Lease Principal | 157,752 | |
| | | 797,752 |

The net increase in compensated absences liability is accrued as an expense in the Statement of Activities, but does not require the use of current financial resources. Therefore it is not an expenditure in the funds.

(291,717)

Change in Net Assets of Governmental Activities \$ 2,674,675

CACHE COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

| | Agency Funds |
|---------------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 17,340,799 |
| Equity in investment pool | 190,054 |
| Accounts receivable | 41,946 |
| Taxes receivable | 627,275 |
| Restricted cash and investments | <u>9,024</u> |
| Total assets | <u>\$ 18,209,098</u> |
| LIABILITIES | |
| Due to other taxing units | \$ 17,353,550 |
| Due to other employees | 9,024 |
| Over-collections payable | 614,524 |
| Other collections payable | <u>232,000</u> |
| Total liabilities | <u>\$ 18,209,098</u> |

The notes to the financial statements are an integral part of this statement.

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CACHE COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2006

| | <u>Airport Authority</u> | <u>North Park Interlocal Cooperative</u> | <u>Bear River Health Department</u> | <u>CCEMS</u> | <u>Nonmajor Component Units</u> | <u>Total</u> |
|---|------------------------------|--|---|-------------------|---|----------------------|
| ASSETS | | | | | | |
| Cash | \$ - | \$ 306,891 | \$ 1,979,377 | \$ 124,049 | \$ 26,330 | \$ 2,436,647 |
| Equity in investment pool | 912,033 | - | - | - | - | 912,033 |
| Taxes receivable | - | 58,096 | - | - | - | 58,096 |
| Accounts receivable, net | 3,272 | 18,476 | 1,122,932 | 562,171 | - | 1,706,851 |
| Pledges receivable, net | - | 196,395 | - | - | - | 196,395 |
| Due from other governments | 20,126 | - | - | - | - | 20,126 |
| Restricted investments | - | 321,029 | - | - | - | 321,029 |
| Inventory | - | 33,913 | 202,000 | - | - | 235,913 |
| Other assets | - | 10,376 | 50,597 | - | - | 60,973 |
| Noncurrent pledges receivable, net | - | 186,504 | - | - | - | 186,504 |
| Capital assets: | | | | | | |
| Land | 1,289,262 | - | 188,568 | - | - | 1,477,830 |
| Construction in progress | - | - | - | - | - | - |
| Buildings and equipment | 11,560,422 | 4,356,759 | 6,836,011 | 140,000 | - | 22,893,192 |
| Less: accumulated depreciation | <u>(3,041,752)</u> | <u>(542,955)</u> | <u>(2,102,213)</u> | <u>(21,595)</u> | - | <u>(5,708,515)</u> |
| Total assets | <u>10,743,363</u> | <u>4,945,484</u> | <u>8,277,272</u> | <u>804,625</u> | <u>26,330</u> | <u>24,797,074</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 38,619 | 37,913 | 254,197 | 507,088 | - | 837,817 |
| Deferred revenue | 52,480 | - | - | - | - | 52,480 |
| Noncurrent liabilities: | | | | | | |
| Due within one year | - | 177,000 | 245,000 | - | - | 422,000 |
| Due in more than one year | - | <u>1,073,000</u> | <u>97,000</u> | - | - | <u>1,170,000</u> |
| Total liabilities | <u>91,099</u> | <u>1,287,913</u> | <u>596,197</u> | <u>507,088</u> | - | <u>2,482,297</u> |
| NET ASSETS | | | | | | |
| Invested in net assets, net of related debt | 9,807,932 | 2,563,804 | 4,922,366 | 118,405 | - | 17,412,507 |
| Restricted for debt service | - | 201,700 | - | - | - | 201,700 |
| Restricted for capital improvement | - | 496,612 | - | - | - | 496,612 |
| Unrestricted | <u>844,332</u> | <u>395,455</u> | <u>2,758,709</u> | <u>179,132</u> | <u>26,330</u> | <u>4,203,958</u> |
| Total net assets | <u>\$ 10,652,264</u> | <u>\$ 3,657,571</u> | <u>\$ 7,681,075</u> | <u>\$ 297,537</u> | <u>\$ 26,330</u> | <u>\$ 22,314,777</u> |

The notes to the financial statements are an integral part of this statement.

CACHE COUNTY
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006

| | <u>Airport Authority</u> | <u>North Park Interlocal Cooperative</u> | <u>Bear River Health Department</u> | <u>CCEMS Authority</u> | <u>Nonmajor Component Units</u> | <u>Total</u> |
|------------------------------------|------------------------------|--|---|----------------------------|---|----------------------|
| Expenses | \$ 711,390 | \$ 795,636 | \$ 7,034,851 | \$ 2,091,454 | \$ 800 | \$ 10,634,131 |
| Program revenues: | | | | | | |
| Charges for services | 61,436 | 449,169 | 2,511,688 | 1,551,318 | - | 4,573,611 |
| Operating grants and contributions | 134,708 | 253,777 | 5,328,139 | 501,707 | 15,896 | 6,234,227 |
| Capital grants and contributions | <u>2,437,143</u> | <u>104,485</u> | <u>10,000</u> | <u>105,000</u> | - | <u>2,656,628</u> |
| Total revenues | <u>2,633,287</u> | <u>807,431</u> | <u>7,849,827</u> | <u>2,158,025</u> | <u>15,896</u> | <u>13,464,466</u> |
| Net (expenses) revenues | <u>1,921,897</u> | <u>11,795</u> | <u>814,976</u> | <u>66,571</u> | <u>15,096</u> | <u>2,830,335</u> |
| General revenues: | | | | | | |
| Sales taxes | - | 242,546 | - | - | - | 242,546 |
| Interest | <u>-</u> | <u>21,973</u> | <u>130,647</u> | <u>15,205</u> | <u>902</u> | <u>168,727</u> |
| Total general revenues | <u>-</u> | <u>264,519</u> | <u>130,647</u> | <u>15,205</u> | <u>902</u> | <u>411,273</u> |
| Change in net assets | 1,921,897 | 276,314 | 945,623 | 81,776 | 15,998 | 3,241,608 |
| Net assets - beginning | <u>8,730,367</u> | <u>3,381,257</u> | <u>6,735,452</u> | <u>215,761</u> | <u>10,332</u> | <u>19,073,169</u> |
| Net assets - ending | <u>\$ 10,652,264</u> | <u>\$ 3,657,571</u> | <u>\$ 7,681,075</u> | <u>\$ 297,537</u> | <u>\$ 26,330</u> | <u>\$ 22,314,777</u> |

**NOTES TO THE
FINANCIAL STATEMENTS**

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cache County (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

Financial Reporting Entity

Cache County operates under a County Council/County Executive form of government. A brief description of this form of government follows:

1. The powers and duties of the government are divided between an elected seven member County Council and an elected County Executive.
2. The County Council exercises legislative and policy making powers and is composed of seven persons elected for four-year terms from different geographical districts in the County on a population basis.
3. The County Executive exercises administrative powers and fiscal control of the County and may exercise a veto upon enactment of the County Council which in turn may be overridden by the affirmative vote of five council persons. The Executive is elected to a four-year term by all voters of the County.

As required by generally accepted accounting principles, these financial statements present Cache County (the primary government) and its component units. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units.

As defined by the Government Accounting Standards Board (GASB), component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A component unit may be a governmental organization, a nonprofit corporation, or a for-profit corporation.

Based on the foregoing definition and additional guidance from GASB, the financial statements of the following organizations are included in the reporting entity either as blended component units (within the funds of the County) or as discretely presented component units (outside the

funds of County in a separate column).

Blended component units:

Cache County Municipal Building Authority – The Cache County Municipal Building Authority is a non-profit corporation established to administer the sale of bonds and related construction and remodeling projects of the County. The Governing Board of the Building Authority is comprised of the County Council. Investment and debt service activity is accounted for in the Debt Service Fund. Construction activity is accounted for in the Capital Projects Fund.

Cache County Special Service District #1 – Cache County Special Service District #1 is organized under Utah law as a separate public corporation to provide garbage collection services to the citizens of the County. The County Council has appointed itself as the board of trustees for the District. The District has contracted with the City of Logan to provide garbage collection services for citizens of the County and it pays uncollected fees to Logan City. The District's operations are accounted for in the Municipal Services Special Revenue Fund, which is reported as a major governmental fund in the financial statements.

Cache County Fire Protection District – The Cache County Fire Protection District is organized as a separate public corporation under Utah law to provide fire protection to the citizens residing in the County. The County Council appoints the board of directors in the District and has appointed two council members and the County Executive to the board. Distributions are made to local governments to provide fire protection services. The County also purchases and provides fire fighting equipment for the District. The revenues and expenses of the Fire Protection District are reported in the Municipal Services Special Revenue Fund.

Community Foundation – The Community Foundation is a non-profit corporation established to receive contributions to benefit certain community projects. The officers of the corporation are members of the County Council, County Auditor and County Executive. The Community Foundation is reported as a nonmajor governmental fund of the County.

Discretely presented component units:

Logan-Cache Airport Authority – The Airport Authority has been organized as a separate corporate body under Utah law. The Board of Directors is appointed equally by the County Council and City of Logan's Council. The Airport Authority does not issue separate financial statements.

North Park Interlocal Cooperative (NPIC) – NPIC was organized to facilitate the construction and operation of a

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

recreational ice arena facility and to finance the costs. The cooperative members are Cache County, Hyde Park City, the City of North Logan, and the City of Logan. NPIC is a separate legal entity created in accordance with Utah Law. Cache County appoints 3 board members and each city appoints 2 board members. NPIC receives funding from an allocation of restaurant tax collections from Cache County and from dedicated sales tax collections from the other members and other cities within the county limits. The County has entered into covenants to account for the dedicated sales tax collections. NPIC could be included in the financial statements of another member; however, the County has elected to include NPIC as a component unit. The NPIC does not issue separate financial statements.

Bridgerland Community Ice Arena, Inc. (BCIA) – BCIA operates as a nonprofit organization for the purpose of raising money for the construction, maintenance and operation of the ice arena owned by NPIC. The County evaluated BCIA in accordance with GASB Statement No. 39 and determined that BCIA should be presented as a discrete component unit of NPIC. BCIA's primary sources of funding are donations and user fees. BCIA's fiscal year ends June 30th of each year. BCIA issues separate financial statements, which can be obtained from BCIA at 2825 North 200 East, North Logan, Utah, 84341.

Bear River Health Department – The Bear River Health Department was organized to provide public health services, as required by State law, to Cache County, Box Elder County, and Rich County. The Bear River Health Department is a separate legal entity created in accordance with Utah Law, and issues separate financial statements which can be obtained at 655 East 1300 North, Logan, Utah, 84341.

Cache County Roads Special District – The Cache County Roads Special District has been organized as a separate corporate body under Utah law. Directors of the board are appointed by the County Council and the district receives mineral lease funds from the State of Utah which are dedicated for the improvement of roads within the district. This entity does not issue separate financial statements.

Cache County Emergency Medical Service Authority (CCEMS) – CCEMS is a jointly governed program, by contractual agreement, of the Office of the Cache County EMS Coordinator and the ambulance program of the Logan City Fire Department. CCEMS operates under a 7-member governing board with the following composition: two members of the City of Logan Municipal Council, two members of the Cache County Council, one member appointed by the City of Logan Municipal Council, the Cache County Executive, one member appointed by the other six Board members with a minimum of four votes approving the appointment.

CCEMS provides ambulance services to Cache County residents. Separate financial statements are issued and audited for CCEMS and can be obtained at 199 North Main, Logan, UT 84321.

The Logan-Cache Airport Authority, the Roads Special Service District, NPIC, and CCEMS have their books and records maintained by the County.

Inter-local Agreements:

Cache County has fiduciary responsibility for the following inter-local agreements and their activities are accounted for as nonmajor governmental funds.

Cache Valley Visitors Bureau – The Bureau, formerly called the Travel Council, has been formed by an agreement between Cache County and Rich County to promote tourist activity.

County Planner – The County Planner is operated under an agreement between Cache County and various cities of the County to provide planning and economic development services.

Excluded Entities

The City of Logan has fiduciary responsibility for the following inter-local agreements and they are reported in the City of Logan's financial statements. Cache County makes contributions to these operations.

Parks & Recreation – Willow Park, the zoo, the sports complex and the fairgrounds are operated under an agreement between the County and the City of Logan.

Communications Center – The Communication Center is operated under an agreement between Logan City, Cache County and various other cities of the County to provide dispatch services.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the County and its component units. Primary government activities are distinguished between *governmental activities* and *business-type activities*. However, there are no County activities that currently meet the definition of business-type activities.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For governmental funds, the emphasis is on major individual governmental funds with each displayed as a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the component unit financial statements and 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

Governmental funds 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, fees-in-lieu, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes and fees-in-lieu associated with future periods are deferred. All other revenue items are considered to be measurable and available only when the County receives cash. Grants are usually reimbursable grants and are thus recognized as revenue at the time the expenditures are made. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

Major Funds

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The Municipal Services Fund is a special revenue fund used to report the municipal-type services provided by the County to unincorporated areas of the County.

The Mental Health Fund is a special revenue fund used to report the activity of the Mental Health Authority.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Funds

The County's nonmajor governmental funds include other special revenue funds and a debt service fund. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for special purposes. Examples include certain taxes restricted for health or recreation purposes, federal grants, planning and development grants and user charges and state funding of a children's justice center. The debt service fund accounts for resources used for the payment of interest and principal on general long-term debt.

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Notes to the Financial Statements
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Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the County in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary funds are reported:

Agency Funds – Agency Funds are used to account for assets held by the County as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, refundable fees, and employee withholdings.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units column of the government-wide financial statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide financial statements. The component units follow all GASB pronouncements. The fiscal years of the component units are the same as the primary government, except for BCIA, a component unit of NPIC, which has a fiscal year end of June 30.

Assets, Liabilities, and Net Assets/Fund Balances

Cash and Cash Equivalents

Cash and cash equivalents represent petty cash or demand deposits or other liquid investments that are kept in separate accounts from the investment pool of the County.

The County considers all investments with an original maturity of less than 3 months to be cash equivalents. The County follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of County funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Equity in Investment Pool

Cash of all funds, except the Treasurer’s Tax Agency Fund and restricted bond funds, and some discrete component units are pooled into common pooled

accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund’s equity in the pooled cash accounts are available upon demand and are considered to be cash equivalents when preparing these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit fund and receivable in other funds with positive equity. Investments of the pool are stated at fair value.

Receivables

All trade and property tax receivables are shown net of any allowance for uncollectible amounts. Property taxes are due by November 30th of each year, after which the applicable property is subject to lien and penalties and interest are assessed. At December 31, 2006, all receivables of the County were considered to be fully collectible and no allowance was established. The Bear River Health Department has estimated that approximately \$300,000 of their accounts receivable were uncollectible. These receivables result primarily from services for substance abuse counseling and treatment.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory in the Bear River Health Department consists of immunization serum and is valued based on information provided by the State of Utah or the cost to purchase the serum.

Capital Assets

Capital assets, which include, land, buildings, equipment, and infrastructure (roads, bridges, and similar items), are reported in the governmental column or in the component units column on the government-wide Statement of Net Assets. Capital assets are defined by the County as assets that cost \$5,000 or more when acquired and have an estimated useful life greater than one year. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense is not capitalized.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------------------------|----------------|
| Buildings and other improvements | 15 - 40 years |
| Equipment | 3 - 15 years |
| Infrastructure | 80 - 100 years |

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

Compensated Absences

In the government-wide financial statements, accumulated leave is recorded as a liability and an expense when vested with the employee. In the governmental fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-term Liabilities

In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are considered immaterial and are recognized in the period in which the bonds are issued.

In the governmental fund financial statements, proceeds from long-term debt are recognized as other financing sources and payments of principal are recorded as expenditures.

Interfund Transactions

In the government-wide financial statements, interfund transactions have been eliminated to minimize the double counting of internal activity. Interfund receivables and payables have also been eliminated from the government-wide Statement of Net Assets.

In the governmental fund financial statements, transfers between funds are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The County's transfers are based on County appropriations. Interfund receivables and payables are presented in the appropriate funds and are presented as "due from other funds" or "due to other funds."

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – PROPERTY TAX CALENDAR

The County complies with the following property tax calendar in establishing the budgetary data reflected in the financial statements.

| | |
|---|----------------------------|
| Lien Date | 1-Jan-06 |
| Levy Date (State target date) | 22-Jun-06 |
| Property Valuation Disclosure Notice (target date) | 22-Jul-06 |
| Tax Bills Mailed | 1-Nov-06 |
| Taxes Due and Payable | Prior to November 30, 2006 |

NOTE 3 – DEPOSITS AND INVESTMENTS

Primary Government

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted by the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The County follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. The County does not have a formal deposit policy for custodial credit risk. As of December, 31, 2006, \$13,059,533 of the County's bank balances of \$13,280,072 was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with the issuers of investment securities.

State statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments. As of December 31, 2006, all investments held by the County were in the PTIF.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all County investments in commercial paper, banker's acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing exposure to credit risk is to comply with the State's Money Management Act as previously discussed. At December 31, 2006, all investments held by the County were held in the PTIF, an unrated investment.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. The County's policy for reducing this risk is to comply with the Rules of the Money Management Council. Rule 17 limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the

value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy relating to custodial credit risk. As of December 31, 2006, all of the County's investments were in the PTIF.

Component Units

All component units follow the applicable laws and regulations of the Utah Money Management Act the same as described above for the County.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the deposits of the component units may not be returned. The component units do not have a formal deposit policy for custodial credit risk. As of December 31, 2006, \$1,967,009 of the bank balances of \$2,288,546 of the component units was uninsured and uncollateralized.

Investments

All component units of the County adhere to the Utah Money Management Act as described previously. As of December 31, 2006, the only component units with investments were the Bear River Health Department and NPIC. All of the investments of both entities at that time were in the PTIF and have a maturity of less than one year.

The PTIF investment for NPIC was held in trust by US Bank, the counter party. The investment was not held in the name of NPIC.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2006, the interfund balances of the investment pool were as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|---------------------------|-------------------|-------------------|
| General Fund | \$ - | \$ 126,659 |
| Special Revenue Funds: | | |
| Municipal Services | 244,320 | - |
| Assessing and Collecting | - | 67,345 |
| Library | - | 2,158 |
| Children's Justice Center | - | 44,411 |
| Ambulance | - | 3,747 |
| Total | <u>\$ 244,320</u> | <u>\$ 244,320</u> |

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

At December 31, 2006, the interfund receivable and payable balances were as follows:

This interfund loan provided funding for the Council on Aging Fund in prior years.

| | <u>Receivable</u> | <u>Payable</u> |
|------------------------|-------------------|-------------------|
| General Fund | \$ 140,000 | \$ - |
| Special Revenue Funds: | | |
| Council on Aging Fund | <u>-</u> | <u>140,000</u> |
| Total | <u>\$ 140,000</u> | <u>\$ 140,000</u> |

During the year, the County made the following interfund transfers:

| | <u>Transfers Out reported in:</u> | | | | | |
|----------------------------------|-----------------------------------|---------------------------|------------------------|------------------|-----------------------------|---------------------------|
| | <u>General Fund</u> | <u>Municipal Services</u> | <u>Recreation Fund</u> | <u>RAPZ Tax</u> | <u>Community Foundation</u> | <u>Total Transfers In</u> |
| Transfers In reported in: | | | | | | |
| Major funds: | | | | | | |
| General Fund | \$ - | \$ 417,165 | \$ 27,440 | \$ - | \$ 2,250 | \$ 446,855 |
| Municipal Services | - | - | - | 11,259 | - | 11,259 |
| Capital Projects | 2,080,000 | - | - | - | 96,794 | 2,176,794 |
| Nonmajor Funds: | | | | | | |
| Visitor's Bureau | - | - | 45,000 | - | - | 45,000 |
| Council on Aging | 114,692 | - | 15,000 | 9,000 | 1,000 | 139,692 |
| Planning and Development | 90,818 | - | - | 18,500 | - | 109,318 |
| Library | 17,100 | - | - | - | 750 | 17,850 |
| Debt Service | <u>1,517,131</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,517,131</u> |
| Total Transfers Out | <u>\$ 3,819,741</u> | <u>\$ 417,165</u> | <u>\$ 87,440</u> | <u>\$ 38,759</u> | <u>\$ 100,794</u> | <u>\$ 4,463,899</u> |

The most significant portion of transfers between funds was that of the General Fund to fund capital projects and debt service as shown in the above schedule. The \$2,080,000 was transferred to the Capital Projects Fund in anticipation of future capital improvements. The transfer to the Debt Service Fund was to finance debt

payments of the current year for the 2002-2003 series bonds. Transfers out from the Recreation and RAPZ Tax funds were to fund recreation improvements. Other transfers were to fund the normal operations of individual funds.

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 5 – CAPITAL ASSETS

Governmental Activities

A summary of changes in capital assets is as follows:

| | <u>Balance 01/01/06</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance 12/31/06</u> |
|--|-----------------------------|-------------------------|------------------|--------------------|-----------------------------|
| <i>Capital assets, nondepreciable</i> | | | | | |
| Land | \$ 2,477,015 | \$ - | \$ - | - | \$ 2,477,015 |
| Construction in process | 1,895,750 | - | - | (1,895,750) | - |
| Total | <u>4,372,765</u> | <u>-</u> | <u>-</u> | <u>(1,895,750)</u> | <u>2,477,015</u> |
| <i>Capital assets, depreciable</i> | | | | | |
| Buildings | 17,706,636 | 137,392 | - | 1,895,750 | 19,739,778 |
| Improvements | 919,093 | 56,537 | - | - | 975,630 |
| Equipment | 11,882,596 | 710,478 | (168,743) | - | 12,424,331 |
| Infrastructure | 11,264,409 | 151,585 | (174,023) | - | 11,241,971 |
| Total | <u>41,772,734</u> | <u>1,055,992</u> | <u>(342,766)</u> | <u>1,895,750</u> | <u>44,381,710</u> |
| <i>Accumulated depreciation:</i> | | | | | |
| Buildings | (1,821,323) | (437,841) | - | - | (2,259,164) |
| Improvements | (375,441) | (26,520) | - | - | (401,961) |
| Equipment | (7,805,743) | (841,552) | 168,743 | - | (8,478,552) |
| Infrastructure | (1,924,098) | (497,585) | 174,023 | - | (2,247,660) |
| Total | <u>(11,926,605)</u> | <u>(1,803,498)</u> | <u>342,766</u> | <u>-</u> | <u>(13,387,337)</u> |
| Total capital assets, net | <u>\$ 34,218,894</u> | <u>\$ (747,506)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,471,388</u> |

Depreciation expense was charged to functions of the County as follows:

| | |
|----------------------------|---------------------|
| General government | \$ 225,808 |
| Public safety | 873,522 |
| Highways and streets | 669,378 |
| Health | 29,768 |
| Culture and recreation | 5,022 |
| Total depreciation expense | <u>\$ 1,803,498</u> |

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

Component Units

A summary of changes in capital assets of component units is as follows:

| | <u>Balance 01/01/06</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/06</u> |
|----------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|
| Land | \$ 1,477,830 | \$ - | \$ - | \$ 1,477,830 |
| Construction | 1,059,420 | - | (1,059,420) | - |
| Buildings and improvements | 17,891,405 | 4,366,563 | (824,711) | 21,433,257 |
| Equipment and machinery | 1,255,954 | 260,525 | (56,544) | 1,459,935 |
| Accumulated depreciation | <u>(5,752,612)</u> | <u>(835,272)</u> | <u>879,369</u> | <u>(5,708,515)</u> |
| Capital assets, net | <u>\$ 15,931,997</u> | <u>\$ 3,791,816</u> | <u>\$ (1,061,306)</u> | <u>\$ 18,662,507</u> |

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2006, was as follows:

| | <u>Balance 01/01/06</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/06</u> | <u>Due Within One Year</u> |
|---------------------------------|-----------------------------|-------------------|-----------------------|-----------------------------|--------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| Revenue bonds | \$15,495,000 | \$ - | \$ (640,000) | \$14,855,000 | \$ 665,000 |
| Capital leases | 157,752 | - | (157,752) | - | - |
| Compensated absences | 806,722 | 982,433 | (690,716) | 1,098,439 | 933,673 |
| Total | <u>\$16,459,474</u> | <u>\$ 982,433</u> | <u>\$ (1,488,468)</u> | <u>\$15,953,439</u> | <u>\$ 1,598,673</u> |
| <i>Component Units:</i> | | | | | |
| Revenue bonds | \$ 1,419,000 | \$ - | \$ (169,000) | \$ 1,250,000 | \$ 177,000 |
| Compensated absences | 297,000 | 210,786 | (165,786) | 342,000 | 245,000 |
| Total | <u>\$ 1,716,000</u> | <u>\$ 210,786</u> | <u>\$ (334,786)</u> | <u>\$ 1,592,000</u> | <u>\$ 422,000</u> |

Primary Government

Revenue bonds payable at December 31, 2006 are comprised of the following issues:

| | |
|---|---------------------|
| \$13,835,000 Cache County 2002 Sales Tax Revenue Bonds, due in annual installments ranging from \$460,000 to \$900,000 plus interest ranging from 3.5% to 5% until December 15, 2019. Final balloon payment of \$2,970,000, plus interest at 5%, due December 15, 2022. | \$11,905,000 |
| \$3,340,000 Cache County 2003 Sales Tax Revenue Bonds, due in annual installments ranging from \$125,000 to \$175,000 plus interest ranging from 3% to 4% until December 15, 2014. Balloon payment of \$780,000, plus interest at 4.15%, due December 15, 2018. Final balloon payment of \$920,000, plus interest at 4.4%, due December 15, 2022. | <u>2,950,000</u> |
| Total revenue bonds | <u>\$14,855,000</u> |

CACHE COUNTY
Notes to the Financial Statements
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Proceeds from the 2002 sales tax revenue bonds were used in the acquisition, construction, and furnishing of the new County Administration Building and Public Safety Complex as well as the renovations to the County's Historic Courthouse. The bond covenants require a sinking fund to provide for the \$2,970,000 balloon payment. The sinking fund requirement is effective December 15, 2020 to December 15, 2022 with payments ranging from \$940,000 to \$1,040,000.

used to expand the construction of the Public Safety Complex. The bond covenants require a sinking fund to provide for the \$780,000 balloon payment. The sinking fund requirement is effective December 15, 2015 to December 15, 2018 with payments ranging from \$185,000 to \$205,000. The bond covenants also require a sinking fund to provide for the \$920,000 balloon payment. The sinking fund requirement is effective December 15, 2019 to December 15, 2022 with payments ranging from \$215,000 to \$245,000.

Proceeds from the 2003 sales tax revenue bonds were

The annual requirements to amortize all revenue bonds as of December 31, 2006 of the primary government, including interest payments, were as follows:

| Year: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|---------------------|---------------------|
| 2007 | \$ 665,000 | \$ 683,757 | \$ 1,348,757 |
| 2008 | 685,000 | 659,870 | 1,344,870 |
| 2009 | 715,000 | 634,460 | 1,349,460 |
| 2010 | 740,000 | 606,795 | 1,346,795 |
| 2011 | 770,000 | 576,625 | 1,346,625 |
| 2012 - 2016 | 4,410,000 | 2,325,910 | 6,735,910 |
| 2017 - 2021 | 5,585,000 | 1,156,206 | 6,741,206 |
| 2022 | 1,285,000 | 62,780 | 1,347,780 |
| Total | <u>\$14,855,000</u> | <u>\$ 6,706,403</u> | <u>\$21,561,403</u> |

The County is current on all bond payments and is in compliance with the significant terms of the bond agreements.

Compensated absences are generally liquidated by the General Fund and Municipal Services Fund.

At year end, there were no capital leases payable.

Component Units

Revenue bonds at December 31, 2006, with their outstanding balances are comprised of the following issue:

\$2,017,000 North Park Interlocal Cooperative Building Lease Revenue
 Bonds, due in annual installments ranging from \$177,000 to \$206,000, plus interest ranging from 5.1% to 5.2% until December 15, 2010. Final balloon payment of \$485,000, plus interest at 4.47% due December 15, 2014. \$ 1,250,000

The Bonds were issued to finance a portion of the costs associated with the acquisition and construction of the Eccles Ice Arena, a community recreation facility. The bond includes a call option that was exercisable at the option of NPIC on December 15, 2005. The bonds also include a clause that reset the interest rate on December

15, 2005 and resets the rate again on December 15, 2010. The \$485,000 payment due on December 15, 2014 includes mandatory sinking fund installments ranging from \$77,000 to \$242,000 plus interest at the reset interest rate.

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

The annual requirements to amortize all revenue bonds as of December 31, 2006 of the component units, including interest payments, were as follows:

| Year: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|-------------------|---------------------|
| 2007 | \$ 177,000 | \$ 60,998 | \$ 237,998 |
| 2008 | 186,000 | 51,972 | 237,972 |
| 2009 | 196,000 | 42,486 | 238,486 |
| 2010 | 206,000 | 32,392 | 238,392 |
| 2011 | 77,000 | 21,680 | 98,680 |
| 2012 - 2014 | <u>408,000</u> | <u>43,670</u> | <u>451,670</u> |
| Total | <u>\$ 1,250,000</u> | <u>\$ 253,198</u> | <u>\$ 1,503,198</u> |

NOTE 7 – RESERVED FUND BALANCE

The amounts reported on the balance sheet as reserved fund balances are comprised of the following:

| | |
|-----------------------------------|---------------------|
| Municipal Services Fund | |
| Reserved for class B road funds | \$ 4,813,117 |
| Reserved for parks and recreation | 17,659 |
| Capital Projects Fund | |
| Reserved for capital projects | 95,230 |
| Non-major Funds | |
| Reserved for health | 16,389 |
| Reserved for debt service | <u>3,202</u> |
| Total reserved fund balances | <u>\$ 4,945,597</u> |

NOTE 8 – PENSION PLANS

Primary Government

Defined Benefit Plans

Cache County contributes to the following cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems): 1) Utah Public Employees Contributory Retirement, 2) Utah Public Employees Noncontributory Retirement, 3) Utah Public Safety Retirement, and 4) Utah Firefighters Retirement. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. The following briefly summarizes types of employees covered, benefit provisions, eligibility requirements and vesting for the systems participated in by Cache County:

- 1) *Public Employees Contributory and Noncontributory* - All County employees hired to a position expected to last 9 months and that work 30 or more hours per week

are eligible to participate. Employees attaining age 60 to 65 with 4-20 years of credit service, or any age with 30 or more years of credited service are entitled to monthly benefits based on age, years of service credit and final average monthly salary. Matching contributions made by the County are not vested in the employee's name. All other contributions are fully vested at the time of contribution.

- 2) *Public Safety Employees* - All employees employed in the recognized public safety departments of the County who work 40 or more hours a week and are regularly assigned to hazardous duty are eligible to participate. Employees attaining age 60 to 65 with 4-10 years of credited service or any age with 20 or more years of credited service are entitled to monthly benefits based on years of credited service and final average monthly salary. Matching contributions made by the County are not vested in the employee's name. All other contributions are fully vested at the time of contribution.

- 3) *Firefighters* - All employees employed in the recognized fire department of the County who work 40 or more hours a week and are regularly assigned to hazardous duty are eligible to participate. Employees attaining age 60 to 65 with 4 to 10 years of credited service or any age with 20 or more years of credited service are entitled to monthly benefits based on years of credited service and final average monthly salary. Matching contributions made by the County are not vested in the employee's name. All other contributions are fully vested at the time of contribution.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

information for the Local Governmental Contributory Retirement System, Local Government Noncontributory Retirement System, Public Safety Retirement System and Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.0% of their annual covered salary (paid by the County) and the County was required to contribute 7.08% for six months and 7.58% for six months of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the County was required to contribute 11.09% for six months and 11.59% for six months of the eligible

employees' annual covered salary. In the Public Safety Retirement System, contributory division members were required to contribute 12.29% of their annual covered salary (paid by the County) and the County was required to contribute 7.95% for six months and 11.01% for six months of their annual covered salary and 19.34% for six months and 22.38% for six months of the annual covered salary of noncontributory division members. In the Firefighters Retirement System plan members were required to contribute 8.61% for six months and 10.84% for six months of their annual covered salary (paid by the County). The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The County's contributions to the Systems for the years ended December 31, 2006, 2005, and 2004 were as follows:

| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|-------------|
| A. Local Governmental System - Contributory | | | |
| Employer paid for employee contributions | \$ 6,274 | \$ 5,958 | \$ 5,883 |
| Employer contributions | 7,664 | 7,030 | 6,221 |
| B. Local Governmental System - Noncontributory | | | |
| Employer contributions | 481,684 | 427,626 | 382,722 |
| C. Public Safety - Contributory | | | |
| Employer paid for employee contributions | 6,004 | 8,568 | 10,046 |
| Employer contributions | 4,633 | 5,440 | 4,985 |
| D. Public Safety - Noncontributory | | | |
| Employer contributions | 753,684 | 636,031 | 522,434 |
| E. Firefighter's System | | | |
| Employer paid for employee contributions | 9,364 | 8,484 | 10,794 |

All contributions by Cache County were paid by the due dates or within 30 days thereafter and were equal to the required contributions for each year. The Utah State Retirement Board of the Utah Retirement Systems provides the County with the necessary retirement disclosures for their report.

Defined Contribution Plan

The County maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code that is administered by the Utah Retirement Systems. Under the plan, eligible employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. Contributions of \$556,117, \$541,135 and \$524,983, were made to the

401(k) plan during the years ended December 31, 2006, 2005, and 2004, respectively. Of this amount \$249,561, \$274,695 and \$275,026, was contributed by employees and \$306,556, \$266,440 and \$249,957, was contributed by the County on behalf of employees respectively.

Component Units

Defined Benefit Plans

The Bear River Health Department (BRHD) also participates in the Local Government Systems retirement plans administered by the Utah Retirement Systems. The BRHD's required contribution rates are the same as Cache County's rates.

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

The BRHD's contributions to the Systems for the years ended December 31, 2006, 2005, and 2004 were as follows:

| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|-------------|
| A. Local Governmental System - Contributory | | | |
| Employer paid for employee contributions | \$ 2,092 | \$ 4,074 | \$ 5,654 |
| Employer contributions | 2,525 | 4,808 | 5,992 |
| B. Local Governmental System - Noncontributory | | | |
| Employer contributions | 342,015 | 312,473 | 280,190 |

Defined Contribution Plan

The BRHD maintains a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code that is administered by the Utah Retirement Systems. Under the plan, eligible employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. Contributions of \$326,029, \$318,603, and \$309,412, were made to the 401(k) plan during the years ended December 31, 2006, 2005, and 2004, respectively. Of this amount \$132,044, \$134,392, and \$133,481, was contributed by employees and \$193,985, \$184,211, and \$175,931, was contributed by the BRHD on behalf of employees respectively.

NOTE 9 – DEFERRED COMPENSATION PLAN

The County and the Bear River Health Department offer employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans are available to all employees and are administered by the Utah Retirement Systems. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plans are not subject to the claims of the general creditors of the County or the Bear River Health Department and are held by the Utah Retirement Systems as trustee of the plans. The County's and the Bear River Health Department's involvement is limited to withholding the amounts elected by employees and remitting those amounts.

NOTE 10 – PUBLIC ENTITY RISK POOL

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The County participates in the Utah Counties Insurance Pool, a public entity risk pool to manage its risk of loss. The County pays an annual premium to the trust for its general insurance coverage. The pool was created to be self-sustaining through member premiums and will reinsure

through commercial companies for claims in excess of one million dollars for each insured event. In addition, the County has purchased additional commercial insurance related to airport operations, steam boiler usage, and employee performance, and workers' compensation.

As of December 31, 2006, there were no outstanding unpaid claims in excess of insurance coverage. Also, the County had no claim settlements over the past three years that exceeded its insurance coverage.

NOTE 11 – COMMITMENTS & CONTINGENCIES

The County collects sales tax under the Restaurant Tax and RAPZ Tax programs allowed by the state and awards funds to various entities. Awards become payable by the County when the conditions of the award are met. At December 31, 2006, there were approximately \$630,000 in Restaurant Tax funds and approximately \$545,000 in RAPZ tax funds that had been awarded but were not payable because applicable conditions had not been met.

NOTE 12 – TAX ANTICIPATION NOTES

In February, 2006, the County borrowed \$3,700,000 on tax anticipation notes to finance the operations of the County during 2006. The notes were paid in full in December, 2006. Subsequent to year-end, the County borrowed \$1,500,000 on tax anticipation notes to finance the County's operations for 2007.

NOTE 13 – INDUSTRIAL REVENUE BONDS

On October 25, 2006, the County issued Industrial Revenue Bonds on behalf of Sunshine Terrace Foundation, Inc. in the amount of \$5,000,000. Sunshine Terrace is responsible for all bond payments and neither the County nor its resources are liable for repayment.

On December 22, 2006, the County issued \$3,000,000 of Industrial Revenue Bonds on behalf of Lower Foods, Inc. Lower Foods is responsible for all bond payments and neither the City nor its resources are liable for repayment.

CACHE COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 14 – SUBSEQUENT EVENTS

In February of 2007, the County issued \$7,580,000 in Sales Tax Revenue Refunding bonds. The bonds bear interest rates of 4.00 to 4.50 percent. The refunding will save the County \$305,340 over the life of the bonds and resulted in a net present value benefit of \$230,303.

In May of 2007 the County acquired three new fire engines through capital lease financing. The lease is for \$711,048, at 3.916% interest, with annual lease payments of \$156,545 for a term of five years.

NOTE 15 – TRANSACTIONS WITH COMPONENT UNITS

In addition to the transactions previously described in these notes, the County entered into the following significant transactions with component units:

Airport Authority – The County provided services and operating funds based on the budget adopted by the Airport Authority and the agreement with Logan City.

NPIC – The County transferred taxes to the NPIC in accordance with debt agreements.

BRHD – The County assessed and collected property taxes in its Health Fund. The County transferred the appropriated amount to the BRHD to provide operating funds.

CCEMS – The County provided services and operating funds based on the budget adopted by CCEMS and the agreement with Logan City.

Required Supplementary Information

CACHE COUNTY
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes | | | | |
| General property | \$ 6,578,004 | \$ 6,642,376 | \$ 6,786,658 | \$ 144,282 |
| Sales tax | 3,300,000 | 3,601,200 | 3,765,145 | 163,945 |
| Fees in lieu of taxes | 1,053,291 | 1,053,291 | 1,050,763 | (2,528) |
| Delinquent prior years | 192,000 | 192,000 | 190,366 | (1,634) |
| Penalties and interest | 125,532 | 125,532 | 87,042 | (38,490) |
| Total taxes | <u>11,248,827</u> | <u>11,614,399</u> | <u>11,879,974</u> | <u>265,575</u> |
| Other Revenues | | | | |
| Intergovernmental | 551,473 | 872,262 | 876,909 | 4,647 |
| Charges for services | 4,624,158 | 5,144,177 | 4,869,153 | (275,024) |
| Licenses and permits | 33,000 | 33,000 | 28,450 | (4,550) |
| Fines and forfeitures | 135,000 | 136,014 | 140,123 | 4,109 |
| Miscellaneous | 638,000 | 806,198 | 1,103,790 | 297,592 |
| Total revenues | <u>17,230,458</u> | <u>18,606,050</u> | <u>18,898,399</u> | <u>292,349</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Council | 72,374 | 116,459 | 105,509 | 10,950 |
| Water policy | 59,200 | 85,657 | 49,910 | 35,747 |
| Sanity hearings | 9,000 | 9,000 | 8,025 | 975 |
| Public defender | 294,750 | 374,750 | 338,274 | 36,476 |
| Executive | 179,192 | 192,896 | 183,505 | 9,391 |
| Human resources | 111,885 | 109,631 | 105,285 | 4,346 |
| GIS | 65,394 | 42,668 | 28,476 | 14,192 |
| Data processing | 116,932 | 151,682 | 132,368 | 19,314 |
| Auditor | 176,187 | 189,202 | 166,254 | 22,948 |
| Clerk | 142,689 | 148,101 | 131,757 | 16,344 |
| Treasurer | 17,073 | 17,690 | 16,352 | 1,338 |
| Recorder | 155,937 | 159,947 | 147,219 | 12,728 |
| Attorney | 762,019 | 843,799 | 797,348 | 46,451 |
| Surveyor | 153,230 | 204,152 | 200,116 | 4,036 |
| Victim services | 172,907 | 201,156 | 182,521 | 18,635 |
| Non-departmental | 90,905 | 227,117 | 87,995 | 139,122 |
| Insurance | 149,184 | 149,184 | 147,739 | 1,445 |
| Central mail and copy | 6,738 | 6,738 | 5,742 | 996 |
| Building and grounds | 154,813 | 167,351 | 146,896 | 20,455 |
| Elections | 391,787 | 426,249 | 314,001 | 112,248 |
| Advertising and promotion | 4,550 | 4,550 | 3,656 | 894 |
| Economic development | 35,000 | 35,000 | 35,000 | - |
| USU Ag extension services | 217,501 | 230,976 | 212,216 | 18,760 |
| Agricultural promotion | 51,050 | 55,162 | 38,284 | 16,878 |
| Other | 161,107 | 161,115 | 152,769 | 8,346 |
| Contributions to other units | 659,082 | 577,544 | 577,544 | - |
| Total general government | <u>4,410,486</u> | <u>4,887,776</u> | <u>4,314,761</u> | <u>573,015</u> |
| Public safety | | | | |
| Sheriff | 2,499,963 | 2,504,034 | 2,441,859 | 62,175 |

CACHE COUNTY
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---------------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Support services | 1,589,047 | 1,735,078 | 1,684,986 | 50,092 |
| Search and rescue | - | 118,389 | 45,761 | 72,628 |
| Mounted posse | - | 43,639 | 23,887 | 19,752 |
| Liquor law enforcement | 52,000 | 52,000 | 30,633 | 21,367 |
| Fire department | 330,932 | 638,317 | 502,122 | 136,195 |
| County jail | 5,339,710 | 5,696,673 | 5,118,115 | 578,558 |
| Emergency management | 166,397 | 198,338 | 166,536 | 31,802 |
| Total public safety | <u>9,978,049</u> | <u>10,986,468</u> | <u>10,013,899</u> | <u>972,569</u> |
| Highways and streets | | | | |
| Highway | 522,891 | 538,497 | 485,646 | 52,851 |
| Weed eradication | 167,963 | 204,225 | 192,145 | 12,080 |
| Total highways and streets | <u>690,854</u> | <u>742,722</u> | <u>677,791</u> | <u>64,931</u> |
| Health | | | | |
| Bear River Health Department | 181,000 | 181,000 | 181,000 | - |
| Health services | 58,704 | 58,704 | 58,704 | - |
| Total health | <u>239,704</u> | <u>239,704</u> | <u>239,704</u> | <u>-</u> |
| Welfare | | | | |
| Welfare | 64,500 | 64,500 | 62,000 | 2,500 |
| Total welfare | <u>64,500</u> | <u>64,500</u> | <u>62,000</u> | <u>2,500</u> |
| Culture and recreation | | | | |
| Parks | 303,620 | 303,620 | 303,620 | - |
| Recreation | 29,000 | 188,483 | 169,972 | 18,511 |
| Library - Bookmobile | 121,768 | 129,208 | 125,488 | 3,720 |
| Fairs | 63,500 | 78,523 | 64,851 | 13,672 |
| Rodeo | 69,293 | 71,450 | 70,541 | 909 |
| Total culture and recreation | <u>587,181</u> | <u>771,284</u> | <u>734,472</u> | <u>36,812</u> |
| Total expenditures | <u>15,970,774</u> | <u>17,692,454</u> | <u>16,042,627</u> | <u>1,649,827</u> |
| Revenues over expenditures | <u>1,259,684</u> | <u>913,596</u> | <u>2,855,772</u> | <u>1,942,176</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions, net | - | 51,788 | 48,426 | (3,362) |
| Transfers in | | | | |
| Municipal services fund | 386,361 | 417,165 | 417,165 | - |
| Recreation fund | 10,000 | 10,000 | 27,440 | 17,440 |
| RAPZ tax fund | 20,000 | 15,000 | - | (15,000) |
| Community foundation fund | - | 2,250 | 2,250 | - |
| Total Transfers in | <u>416,361</u> | <u>444,415</u> | <u>446,855</u> | <u>2,440</u> |
| Transfers out | | | | |
| Debt service fund | (1,517,131) | (1,517,131) | (1,517,131) | - |
| Library fund | (17,100) | (17,100) | (17,100) | - |
| Capital projects fund | - | (2,080,000) | (2,080,000) | - |

CACHE COUNTY
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--------------------------------------|-------------------------|---------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Council on aging fund | (70,732) | (114,692) | (114,692) | - |
| Planning and development fund | (71,082) | (90,818) | (90,818) | - |
| Total transfers out | (1,676,045) | (3,819,741) | (3,819,741) | - |
| Total other financing sources (uses) | (1,259,684) | (3,323,538) | (3,324,460) | (922) |
| Net change in fund balances | - | (2,409,942) | (468,688) | 1,941,254 |
| Fund balances - January 1 | 4,886,974 | 4,886,974 | 4,886,974 | - |
| Fund balances - December 31 | <u>\$ 4,886,974</u> | <u>\$ 2,477,032</u> | <u>\$ 4,418,286</u> | <u>\$ 1,941,254</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Municipal Services Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---------------------------------------|-------------------------|---------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 15,000 | \$ 15,000 | \$ 16,413 | \$ 1,413 |
| Sales and use taxes | 610,000 | 619,996 | 695,901 | 75,905 |
| Other taxes | 1,050 | 1,050 | 1,602 | 552 |
| Total taxes | <u>626,050</u> | <u>636,046</u> | <u>713,916</u> | <u>77,870</u> |
| Other Revenues | | | | |
| Intergovernmental | 1,514,950 | 1,575,448 | 1,532,375 | (43,073) |
| Charges for services | 71,551 | 82,551 | 124,519 | 41,968 |
| Licenses and permits | 348,800 | 393,800 | 415,685 | 21,885 |
| Miscellaneous revenue | 161,000 | 161,000 | 212,530 | 51,530 |
| Total revenues | <u>2,722,351</u> | <u>2,848,845</u> | <u>2,999,025</u> | <u>150,180</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Zoning | 173,057 | 158,800 | 157,389 | 1,411 |
| Sanitation/waste collection | 23,000 | 23,000 | 22,935 | 65 |
| Miscellaneous | 15,000 | 15,000 | 15,000 | - |
| Total general government | <u>211,057</u> | <u>196,800</u> | <u>195,324</u> | <u>1,476</u> |
| Public safety | | | | |
| Sheriff | 406,495 | 395,168 | 380,519 | 14,649 |
| Fire department | 123,962 | 133,662 | 133,176 | 486 |
| Building inspection | 244,699 | 276,408 | 263,656 | 12,752 |
| Animal control | 19,466 | 33,130 | 31,996 | 1,134 |
| Total public safety | <u>794,622</u> | <u>838,368</u> | <u>809,347</u> | <u>29,021</u> |
| Roads - Class B | | | | |
| | <u>1,330,311</u> | <u>1,383,512</u> | <u>1,089,405</u> | <u>294,107</u> |
| Recreation | | | | |
| | <u>12,000</u> | <u>11,259</u> | <u>-</u> | <u>11,259</u> |
| Total expenditures | <u>2,347,990</u> | <u>2,429,939</u> | <u>2,094,076</u> | <u>335,863</u> |
| Revenues over expenditures | <u>374,361</u> | <u>418,906</u> | <u>904,949</u> | <u>486,043</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | | |
| RAPZ tax fund | 12,000 | 11,259 | 11,259 | - |
| Total transfers in | <u>12,000</u> | <u>11,259</u> | <u>11,259</u> | <u>-</u> |
| Transfers out | | | | |
| General fund | (386,361) | (417,165) | (417,165) | - |
| Total transfers out | <u>(386,361)</u> | <u>(417,165)</u> | <u>(417,165)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(374,361)</u> | <u>(405,906)</u> | <u>(405,906)</u> | <u>-</u> |
| Net change in fund balances | - | 13,000 | 499,043 | 486,043 |
| Fund balances - January 1 | 4,860,831 | 4,860,831 | 4,860,831 | - |
| Fund balances - December 31 | <u>\$ 4,860,831</u> | <u>\$ 4,873,831</u> | <u>\$ 5,359,874</u> | <u>\$ 486,043</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Mental Health Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|-----------------------------|-------------------------|------------------|------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal and state grants | \$ 1,700,000 | \$ 1,700,000 | \$ 1,607,628 | \$ (92,372) |
| Contributions: | | | | |
| Other governments | 90,000 | 90,000 | 90,000 | - |
| Bear River Mental Health | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>(50,000)</u> |
| Total revenue | <u>1,840,000</u> | <u>1,840,000</u> | <u>1,697,628</u> | <u>(142,372)</u> |
| EXPENDITURES | | | | |
| Health | | | | |
| Mental health | <u>1,840,000</u> | <u>1,840,000</u> | <u>1,697,628</u> | <u>142,372</u> |
| Total expenditures | <u>1,840,000</u> | <u>1,840,000</u> | <u>1,697,628</u> | <u>142,372</u> |
| Revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - January 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | | - | 14,310 | 14,310 |
| Miscellaneous | - | - | - | - |
| Total revenues | - | - | 14,310 | 14,310 |
| EXPENDITURES | | | | |
| Capital projects | - | 80,000 | 325,577 | (245,577) |
| Total expenditures | - | 80,000 | 325,577 | (245,577) |
| Revenues under expenditures | - | (80,000) | (311,267) | (231,267) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | | |
| General fund | - | 2,080,000 | 2,080,000 | - |
| Community foundation fund | - | - | 96,794 | 96,794 |
| Total transfers in | - | 2,080,000 | 2,176,794 | 96,794 |
| Net change in fund balances | - | 2,000,000 | 1,865,527 | (134,473) |
| Fund balances - January 1 | 916,873 | 916,873 | 916,873 | - |
| Fund balances - December 31 | <u>\$ 916,873</u> | <u>\$ 2,916,873</u> | <u>\$ 2,782,400</u> | <u>\$ (134,473)</u> |

CACHE COUNTY
Notes to Required Supplementary Information
December 31, 2006

Budgets and Budgetary Accounting

The County is required by state statute and the "Uniform Fiscal Procedures Act for Utah Counties" to adopt annual budgets for its governmental funds on or before December 15, for the ensuing fiscal year beginning January 1. This budget is shown as the original budget on the budgetary comparison schedules. Final budgets include the original budget amounts plus any amendments made to the budget during the year by the County Council through formal resolution.

The budgets for the County's funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at year end. Project-length financial plans have been adopted for the Capital Projects Fund.

The County complies with the following procedures in establishing the budgetary data reflected in the financial statements.

1. On or before November 1, the County Executive prepares a tentative budget for the next budget year, with the assistance of the County Auditor and Finance Director.
2. A public hearing is then held on the adoption of the budget.
3. After the public hearing the County Council makes final adjustments to the tentative budget.
4. On or before December 15, the County Council adopts the budget by resolution.
5. Department heads may transfer unexpended budgeted amounts within their departments with approval of the County Council.
6. The County Council may transfer unexpended budgeted amounts from one department to another in the same fund by resolution.
7. Budget appropriations may be increased only after a public hearing has been held and followed by resolution of the County Council.

Budgeted Fund Balance

Each fund had a balanced budget in accordance with State law. As allowed by State law, the County Council has authorized the use of unreserved fund balances to provide the necessary resources to balance each fund's budget.

Encumbrances

The County uses encumbrances during the year to recognize the use of appropriations. The County's policy

is for all appropriations to lapse at year end. Therefore, there are no encumbrances at year end.

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Other Supplementary Information

CACHE COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

| | Special Revenue | | | | |
|--|--------------------------------|-------------------|---------------------|------------------------|---------------------|
| | Assessing and Collecting | Health | Visitor's Bureau | Council on Aging | Recreation |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 875,864 | \$ 338,876 | \$ 175 | \$ 40 | \$ - |
| Equity in investment pool | - | 188,019 | 233,216 | 120,199 | 1,210,996 |
| Taxes receivable, net | 38,000 | 32,000 | 43,845 | - | 145,379 |
| Accounts receivable, net | 124,238 | 212 | 8,074 | 3,375 | - |
| Due from other governments | - | - | 8,891 | 38,334 | - |
| Restricted assets: | | | | | |
| Cash and investments - restricted | - | - | - | - | - |
| Total assets | <u>\$ 1,038,102</u> | <u>\$ 559,107</u> | <u>\$ 294,201</u> | <u>\$ 161,948</u> | <u>\$ 1,356,375</u> |
| LIABILITIES | | | | | |
| Interfund payable | \$ 67,345 | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | 43,744 | 44,874 | 19,187 | 20,388 | 64,187 |
| Due to other funds | - | - | - | 140,000 | - |
| Deferred revenue | 38,000 | 32,000 | 13,226 | 1,300 | - |
| Total liabilities | <u>149,089</u> | <u>76,874</u> | <u>32,413</u> | <u>161,688</u> | <u>64,187</u> |
| FUND BALANCE | | | | | |
| Reserved - Debt service | - | - | - | - | - |
| Reserved - RSVP Program | - | - | - | 16,389 | - |
| Unreserved, undesignated, reported in: | | | | | |
| Special revenue funds | 889,013 | 482,233 | 261,788 | (16,129) | 1,292,188 |
| Debt service fund | - | - | - | - | - |
| Total fund balances | <u>889,013</u> | <u>482,233</u> | <u>261,788</u> | <u>260</u> | <u>1,292,188</u> |
| Total liabilities and fund balances | <u>\$ 1,038,102</u> | <u>\$ 559,107</u> | <u>\$ 294,201</u> | <u>\$ 161,948</u> | <u>\$ 1,356,375</u> |

| Special Revenue | | | | | | | Total |
|-----------------------------|------------------|---------------------------------|---------------------|-------------------|-------------------------|-------------------|---------------------------------|
| Planning and Develop. | Library | Children's Justice Center | RAPZ Tax | Ambulance | Community Foundation | Debt Service | Nonmajor Governmnt. Funds |
| \$ 25 | \$ 25 | \$ 100 | \$ - | \$ - | \$ - | \$ - | \$ 1,215,105 |
| 67,705 | - | - | 1,621,775 | - | - | 157,747 | 3,599,657 |
| - | - | - | 243,619 | - | - | - | 502,843 |
| - | - | - | - | 121,785 | - | - | 257,684 |
| 1,544 | 16,743 | 50,475 | - | - | - | - | 115,987 |
| - | - | - | - | - | 10,028 | 3,202 | 13,230 |
| <u>\$ 69,274</u> | <u>\$ 16,768</u> | <u>\$ 50,575</u> | <u>\$ 1,865,394</u> | <u>\$ 121,785</u> | <u>\$ 10,028</u> | <u>\$ 160,949</u> | <u>\$ 5,704,506</u> |
| \$ - | \$ 2,158 | \$ 44,411 | \$ - | \$ 3,747 | \$ - | \$ - | \$ 117,661 |
| 5,557 | 1,086 | 2,415 | 17,326 | 41,049 | - | - | 259,813 |
| - | - | - | - | - | - | - | 140,000 |
| - | - | - | - | - | - | - | 84,526 |
| <u>5,557</u> | <u>3,244</u> | <u>46,826</u> | <u>17,326</u> | <u>44,796</u> | <u>-</u> | <u>-</u> | <u>602,000</u> |
| - | - | - | - | - | - | 3,202 | 3,202 |
| - | - | - | - | - | - | - | 16,389 |
| 63,717 | 13,524 | 3,749 | 1,848,068 | 76,989 | 10,028 | - | 4,925,168 |
| - | - | - | - | - | - | 157,747 | 157,747 |
| <u>63,717</u> | <u>13,524</u> | <u>3,749</u> | <u>1,848,068</u> | <u>76,989</u> | <u>10,028</u> | <u>160,949</u> | <u>5,102,506</u> |
| <u>\$ 69,274</u> | <u>\$ 16,768</u> | <u>\$ 50,575</u> | <u>\$ 1,865,394</u> | <u>\$ 121,785</u> | <u>\$ 10,028</u> | <u>\$ 160,949</u> | <u>\$ 5,704,506</u> |

CACHE COUNTY
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

| | Special Revenue | | | | |
|---------------------------------------|--------------------------------|-------------------|---------------------|------------------------|---------------------|
| | Assessing and Collecting | Health | Visitor's Bureau | Council on Aging | Recreation |
| REVENUES | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 2,135,277 | \$ 753,787 | \$ - | \$ - | \$ - |
| Sales and use taxes | - | - | - | - | 846,931 |
| Other taxes | - | - | 294,871 | - | - |
| Total taxes | <u>2,135,277</u> | <u>753,787</u> | <u>294,871</u> | <u>-</u> | <u>846,931</u> |
| Other revenues | | | | | |
| Intergovernmental | - | - | 63,355 | 261,749 | - |
| Charges for services | 393,757 | - | - | 108,848 | - |
| Miscellaneous | - | - | 11,941 | 24,073 | - |
| Total revenues | <u>2,529,034</u> | <u>753,787</u> | <u>370,167</u> | <u>394,670</u> | <u>846,931</u> |
| EXPENDITURES | | | | | |
| General government | 1,988,467 | - | - | - | - |
| Public safety | - | - | - | - | - |
| Health | - | 704,496 | - | 605,013 | - |
| Culture and recreation | - | - | 353,897 | - | 520,886 |
| Capital projects | - | - | - | - | - |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>1,988,467</u> | <u>704,496</u> | <u>353,897</u> | <u>605,013</u> | <u>520,886</u> |
| Revenues over (under) expenditures | <u>540,567</u> | <u>49,291</u> | <u>16,270</u> | <u>(210,343)</u> | <u>326,045</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contributions, net | 1,200 | - | - | - | - |
| Transfers in | | | | | |
| General fund | - | - | - | 114,692 | - |
| Municipal services fund | - | - | - | - | - |
| Recreation fund | - | - | 45,000 | 15,000 | - |
| Library fund | - | - | - | - | - |
| RAPZ tax fund | - | - | - | 9,000 | - |
| Community foundation fund | - | - | - | 1,000 | - |
| Total transfers in | <u>-</u> | <u>-</u> | <u>45,000</u> | <u>139,692</u> | <u>-</u> |
| Transfers out | | | | | |
| General fund | - | - | - | - | (27,440) |
| Municipal services fund | - | - | - | - | - |
| Visitor's bureau fund | - | - | - | - | (45,000) |
| Council on aging fund | - | - | - | - | (15,000) |
| Planning and development fund | - | - | - | - | - |
| Library fund | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - |
| Total transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(87,440)</u> |
| Total other financing sources (uses) | <u>1,200</u> | <u>-</u> | <u>45,000</u> | <u>139,692</u> | <u>(87,440)</u> |
| Net change in fund balances | 541,767 | 49,291 | 61,270 | (70,651) | 238,605 |
| Fund balances - January 1 | 347,246 | 432,942 | 200,518 | 70,911 | 1,053,583 |
| Fund balances - December 31 | <u>\$ 889,013</u> | <u>\$ 482,233</u> | <u>\$ 261,788</u> | <u>\$ 260</u> | <u>\$ 1,292,188</u> |

| Planning and Develop. | Special Revenue | | | | | | Total Nonmajor Governmnt. Funds |
|-----------------------------|-----------------|---------------------------------|--------------|-----------|-------------------------|-----------------|--|
| | Library | Children's Justice Center | RAPZ Tax | Ambulance | Community Foundation | Debt Service | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,889,064 |
| - | - | - | 1,257,365 | - | - | - | 2,104,296 |
| - | - | - | - | - | - | - | 294,871 |
| - | - | - | 1,257,365 | - | - | - | 5,288,231 |
| 16,293 | 19,193 | 103,072 | - | 460,140 | - | - | 923,802 |
| 81,183 | 3,096 | - | - | - | - | - | 586,884 |
| - | 482 | 2,661 | - | 285 | 47,799 | 19,636 | 106,877 |
| 97,476 | 22,771 | 105,733 | 1,257,365 | 460,425 | 47,799 | 19,636 | 6,905,794 |
| 204,488 | - | - | - | - | 3,202 | - | 2,196,157 |
| - | - | 106,684 | - | 435,541 | 43,358 | - | 585,583 |
| - | - | - | - | - | - | - | 1,309,509 |
| - | 43,672 | - | 962,664 | - | - | - | 1,881,119 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 797,752 | 797,752 |
| - | - | - | - | - | - | 718,608 | 718,608 |
| 204,488 | 43,672 | 106,684 | 962,664 | 435,541 | 46,560 | 1,516,360 | 7,488,728 |
| (107,012) | (20,901) | (951) | 294,701 | 24,884 | 1,239 | (1,496,724) | (582,934) |
| - | - | - | - | - | - | - | 1,200 |
| 90,818 | 17,100 | - | - | - | - | 1,517,131 | 1,739,741 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 60,000 |
| - | - | - | - | - | - | - | - |
| 18,500 | - | - | - | - | - | - | 27,500 |
| - | 750 | - | - | - | - | - | 1,750 |
| 109,318 | 17,850 | - | - | - | - | 1,517,131 | 1,828,991 |
| - | - | - | - | - | (2,250) | - | (29,690) |
| - | - | - | (11,259) | - | - | - | (11,259) |
| - | - | - | - | - | - | - | (45,000) |
| - | - | - | (9,000) | - | (1,000) | - | (25,000) |
| - | - | - | (18,500) | - | - | - | (18,500) |
| - | - | - | - | - | (750) | - | (750) |
| - | - | - | - | - | (96,794) | - | (96,794) |
| - | - | - | (38,759) | - | (100,794) | - | (226,993) |
| 109,318 | 17,850 | - | (38,759) | - | (100,794) | 1,517,131 | 1,603,198 |
| 2,306 | (3,051) | (951) | 255,942 | 24,884 | (99,555) | 20,407 | 1,020,264 |
| 61,411 | 16,575 | 4,700 | 1,592,126 | 52,105 | 109,583 | 140,542 | 4,082,242 |
| \$ 63,717 | \$ 13,524 | \$ 3,749 | \$ 1,848,068 | \$ 76,989 | \$ 10,028 | \$ 160,949 | \$ 5,102,506 |

CACHE COUNTY
Budgetary Comparison Schedule
Assessing and Collecting Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---------------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes | | | | |
| General property | \$ 1,655,168 | \$ 1,726,693 | \$ 1,826,520 | \$ 99,827 |
| Fees in lieu of taxes | 250,110 | 203,585 | 263,947 | 60,362 |
| Delinquent prior years | 39,000 | 39,000 | 44,810 | 5,810 |
| Penalties and interest | - | - | - | - |
| Total taxes | <u>1,944,278</u> | <u>1,969,278</u> | <u>2,135,277</u> | <u>165,999</u> |
| Charges for services | | | | |
| General government | 143,200 | 163,200 | 197,535 | 34,335 |
| Other current services | 210,000 | 210,000 | 196,222 | (13,778) |
| Total charges for services | <u>353,200</u> | <u>373,200</u> | <u>393,757</u> | <u>20,557</u> |
| Total revenues | <u>2,297,478</u> | <u>2,342,478</u> | <u>2,529,034</u> | <u>186,556</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Council | 8,174 | 13,492 | 12,887 | 605 |
| Executive | 32,819 | 41,136 | 39,342 | 1,794 |
| Human resources | 20,493 | 22,767 | 21,196 | 1,571 |
| GIS | 65,394 | 64,894 | 23,790 | 41,104 |
| Information technology | 356,476 | 358,179 | 331,334 | 26,845 |
| Auditor | 148,644 | 169,772 | 158,649 | 11,123 |
| Treasurer | 204,650 | 212,008 | 195,896 | 16,112 |
| Recorder | 103,958 | 119,506 | 97,286 | 22,220 |
| Attorney | 69,199 | 71,717 | 67,871 | 3,846 |
| Assessor | 1,149,429 | 1,136,375 | 940,217 | 196,158 |
| Surveyor | 7,221 | 8,526 | 7,988 | 538 |
| Non-departmental | 7,259 | 8,259 | 6,949 | 1,310 |
| Insurance | 16,025 | 16,025 | 15,870 | 155 |
| Central mail and copy | 3,063 | 3,063 | 2,636 | 427 |
| Building and grounds | 68,582 | 74,226 | 62,214 | 12,012 |
| Advertising and promotion | 5,450 | 5,450 | 4,342 | 1,108 |
| Total general government | <u>2,266,836</u> | <u>2,325,395</u> | <u>1,988,467</u> | <u>336,928</u> |
| Total expenditures | <u>2,266,836</u> | <u>2,325,395</u> | <u>1,988,467</u> | <u>336,928</u> |
| Revenues over expenditures | <u>30,642</u> | <u>17,083</u> | <u>540,567</u> | <u>523,484</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions, net | (30,642) | (30,642) | 1,200 | 31,842 |
| Total other financing sources (uses) | <u>(30,642)</u> | <u>(30,642)</u> | <u>1,200</u> | <u>31,842</u> |
| Net change in fund balances | - | (13,559) | 541,767 | 555,326 |
| Fund balances - January 1 | 347,246 | 347,246 | 347,246 | - |
| Fund balances - December 31 | <u>\$ 347,246</u> | <u>\$ 333,687</u> | <u>\$ 889,013</u> | <u>\$ 555,326</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Health Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--------------------------|--------------------------|--------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 687,385 | \$ 687,385 | \$ 705,436 | \$ 18,051 |
| Charges for services | - | 50,000 | 48,351 | (1,649) |
| Total revenues | <u>687,385</u> | <u>737,385</u> | <u>753,787</u> | <u>16,402</u> |
| EXPENDITURES | | | | |
| Miscellaneous | 19,496 | 69,496 | 59,496 | 10,000 |
| Contribution to Bear River Health Dept | <u>645,000</u> | <u>645,000</u> | <u>645,000</u> | <u>-</u> |
| Total expenditures | <u>664,496</u> | <u>714,496</u> | <u>704,496</u> | <u>10,000</u> |
| Revenues over expenditures | <u>22,889</u> | <u>22,889</u> | <u>49,291</u> | <u>26,402</u> |
| Net change in fund balances | 22,889 | 22,889 | 49,291 | 26,402 |
| Fund balances - January 1 | <u>432,942</u> | <u>432,942</u> | <u>432,942</u> | <u>-</u> |
| Fund balances - December 31 | <u><u>\$ 455,831</u></u> | <u><u>\$ 455,831</u></u> | <u><u>\$ 482,233</u></u> | <u><u>\$ 26,402</u></u> |

CACHE COUNTY
Budgetary Comparison Schedule
Visitor's Bureau Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | | | | |
| Transient room tax | \$ 249,971 | \$ 249,971 | \$ 294,871 | \$ 44,900 |
| Total taxes | <u>249,971</u> | <u>249,971</u> | <u>294,871</u> | <u>44,900</u> |
| Intergovernmental | | | | |
| Federal and state grants | 69,652 | 94,652 | 52,253 | (42,399) |
| Local grants | <u>13,572</u> | <u>13,572</u> | <u>11,102</u> | <u>(2,470)</u> |
| Total intergovernmental | <u>83,224</u> | <u>108,224</u> | <u>63,355</u> | <u>(44,869)</u> |
| Miscellaneous | | | | |
| Total revenues | <u>340,695</u> | <u>367,626</u> | <u>370,167</u> | <u>2,541</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 107,667 | 121,034 | 108,549 | 12,485 |
| Supplies | 264,778 | 295,092 | 174,347 | 120,745 |
| Travel | 3,250 | 3,250 | 3,501 | (251) |
| Contribution to American West Heritage Center | <u>67,500</u> | <u>67,500</u> | <u>67,500</u> | <u>-</u> |
| Total expenditures | <u>443,195</u> | <u>486,876</u> | <u>353,897</u> | <u>132,979</u> |
| Revenues over (under) expenditures | <u>(102,500)</u> | <u>(119,250)</u> | <u>16,270</u> | <u>135,520</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| Recreation fund | <u>35,000</u> | <u>45,000</u> | <u>45,000</u> | <u>-</u> |
| Total other financing sources | <u>35,000</u> | <u>45,000</u> | <u>45,000</u> | <u>-</u> |
| Net change in fund balances | <u>(67,500)</u> | <u>(74,250)</u> | <u>61,270</u> | <u>135,520</u> |
| Fund balances - January 1 | <u>200,518</u> | <u>200,518</u> | <u>200,518</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 133,018</u> | <u>\$ 126,268</u> | <u>\$ 261,788</u> | <u>\$ 135,520</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Council on Aging Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 314,451 | \$ 314,451 | \$ 261,749 | \$ (52,702) |
| Charges for services | 139,100 | 107,600 | 108,848 | 1,248 |
| Miscellaneous | 34,700 | 33,700 | 24,073 | (9,627) |
| Total revenues | <u>488,251</u> | <u>455,751</u> | <u>394,670</u> | <u>(61,081)</u> |
| EXPENDITURES | | | | |
| Health | | | | |
| Nutrition mandated | 312,050 | 355,320 | 345,627 | 9,693 |
| Center | 123,625 | 112,959 | 113,688 | (729) |
| Access mandated | 81,096 | 88,646 | 89,228 | (582) |
| Retired service volunteer program | 50,582 | 50,582 | 46,234 | 4,348 |
| Volunteer center | 6,630 | 6,630 | - | 6,630 |
| County Administrative Support | - | 11,960 | 10,236 | 1,724 |
| Total expenditures | <u>573,983</u> | <u>626,097</u> | <u>605,013</u> | <u>21,084</u> |
| Revenues under expenditures | <u>(85,732)</u> | <u>(170,346)</u> | <u>(210,343)</u> | <u>(39,997)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| General fund | 70,732 | 114,692 | 114,692 | - |
| Recreation fund | - | 1,500 | 15,000 | 13,500 |
| RAPZ Tax fund | 15,000 | 9,000 | 9,000 | - |
| Community foundation fund | - | 1,000 | 1,000 | - |
| Total other financing sources | <u>85,732</u> | <u>126,192</u> | <u>139,692</u> | <u>13,500</u> |
| Net change in fund balances | - | (44,154) | (70,651) | (26,497) |
| Fund balances - January 1 | <u>70,911</u> | <u>70,911</u> | <u>70,911</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 70,911</u> | <u>\$ 26,757</u> | <u>\$ 260</u> | <u>\$ (26,497)</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Recreation Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|-------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | | | | |
| Restaurant tax | \$ 780,000 | \$ 823,000 | \$ 846,931 | \$ 23,931 |
| Total revenues | <u>780,000</u> | <u>823,000</u> | <u>846,931</u> | <u>23,931</u> |
| EXPENDITURES | | | | |
| Awards | <u>673,000</u> | <u>1,206,914</u> | <u>520,886</u> | <u>686,028</u> |
| Total expenditures | <u>673,000</u> | <u>1,206,914</u> | <u>520,886</u> | <u>686,028</u> |
| Revenues over (under) expenditures | <u>107,000</u> | <u>(383,914)</u> | <u>326,045</u> | <u>709,959</u> |
| OTHER FINANCING (USES) | | | | |
| Transfers out | | | | |
| General fund | (43,000) | (11,500) | (27,440) | (15,940) |
| Visitor's bureau fund | (45,000) | (45,000) | (45,000) | - |
| Council on aging fund | - | - | (15,000) | (15,000) |
| Capital projects fund | <u>(19,000)</u> | <u>(19,000)</u> | <u>-</u> | <u>19,000</u> |
| Total other financing uses | <u>(107,000)</u> | <u>(75,500)</u> | <u>(87,440)</u> | <u>(11,940)</u> |
| Net change in fund balances | - | (459,414) | 238,605 | 698,019 |
| Fund balances - January 1 | <u>1,053,583</u> | <u>1,053,583</u> | <u>1,053,583</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 1,053,583</u> | <u>\$ 594,169</u> | <u>\$ 1,292,188</u> | <u>\$ 698,019</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Planning and Development Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|--------------|---------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal and state grants | \$ - | \$ 16,293 | \$ 16,293 | \$ - |
| Local grants | - | - | - | - |
| Total intergovernmental | - | 16,293 | 16,293 | - |
| Charges for services | | | | |
| Entity user fee | 71,082 | 71,082 | 71,082 | - |
| Current services | 4,347 | 10,347 | 10,101 | (246) |
| Total charges for services | 75,429 | 81,429 | 81,183 | (246) |
| Total revenues | 75,429 | 97,722 | 97,476 | (246) |
| EXPENDITURES | | | | |
| Salaries and benefits | 129,367 | 199,103 | 175,142 | 23,961 |
| Other expenditures | 28,143 | 50,986 | 22,700 | 28,286 |
| Capital expenditures | - | - | 6,646 | (6,646) |
| Total expenditures | 157,510 | 250,089 | 204,488 | 45,601 |
| Revenues over (under) expenditures | (82,081) | (152,367) | (107,012) | 45,355 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| General fund | 71,082 | 90,818 | 90,818 | - |
| RAPZ tax fund | - | 30,000 | 18,500 | (11,500) |
| Total other financing sources | 71,082 | 120,818 | 109,318 | (11,500) |
| Net change in fund balances | (10,999) | (31,549) | 2,306 | 33,855 |
| Fund balance - January 1 | 61,411 | 61,411 | 61,411 | - |
| Fund balance - December 31 | \$ 50,412 | \$ 29,862 | \$ 63,717 | \$ 33,855 |

CACHE COUNTY
Budgetary Comparison Schedule
Library Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|-----------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal and state grants | \$ 2,450 | \$ 2,450 | \$ 2,450 | \$ - |
| Local grants | <u>16,743</u> | <u>16,743</u> | <u>16,743</u> | <u>-</u> |
| Total intergovernmental | <u>19,193</u> | <u>19,193</u> | <u>19,193</u> | <u>-</u> |
| Charges for services | | | | |
| Library fees | <u>2,200</u> | <u>2,200</u> | <u>3,096</u> | <u>896</u> |
| Total charges for services | <u>2,200</u> | <u>2,200</u> | <u>3,096</u> | <u>896</u> |
| Miscellaneous | | | | |
| | <u>500</u> | <u>500</u> | <u>482</u> | <u>(18)</u> |
| Total revenues | <u>21,893</u> | <u>21,893</u> | <u>22,771</u> | <u>878</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 20,708 | 20,708 | 20,116 | 592 |
| Other expenditures | <u>25,488</u> | <u>28,738</u> | <u>23,556</u> | <u>5,182</u> |
| Total expenditures | <u>46,196</u> | <u>49,446</u> | <u>43,672</u> | <u>5,774</u> |
| Revenues over (under) expenditures | <u>(24,303)</u> | <u>(27,553)</u> | <u>(20,901)</u> | <u>6,652</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| General fund | 17,100 | 17,100 | 17,100 | - |
| Community foundation fund | <u>-</u> | <u>3,250</u> | <u>750</u> | <u>(2,500)</u> |
| Total other financing sources | <u>17,100</u> | <u>20,350</u> | <u>17,850</u> | <u>(2,500)</u> |
| Net change in fund balances | <u>(7,203)</u> | <u>(7,203)</u> | <u>(3,051)</u> | <u>4,152</u> |
| Fund balances - January 1 | <u>16,575</u> | <u>16,575</u> | <u>16,575</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 9,372</u> | <u>\$ 9,372</u> | <u>\$ 13,524</u> | <u>\$ 4,152</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Children's Justice Center Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|-----------------|-----------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal grants | \$ 3,000 | \$ 3,000 | \$ 562 | \$ (2,438) |
| State grants | <u>138,265</u> | <u>108,127</u> | <u>102,510</u> | <u>(5,617)</u> |
| Total intergovernmental | <u>141,265</u> | <u>111,127</u> | <u>103,072</u> | <u>(8,055)</u> |
| Miscellaneous | <u>-</u> | <u>2,661</u> | <u>2,661</u> | <u>-</u> |
| Total revenues | <u>141,265</u> | <u>113,788</u> | <u>105,733</u> | <u>(8,055)</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 118,561 | 91,953 | 90,076 | 1,877 |
| Other expenditures | <u>19,111</u> | <u>21,472</u> | <u>16,608</u> | <u>4,864</u> |
| Total expenditures | <u>137,672</u> | <u>113,425</u> | <u>106,684</u> | <u>6,741</u> |
| Revenues over (under) expenditures | <u>3,593</u> | <u>363</u> | <u>(951)</u> | <u>(1,314)</u> |
| Net change in fund balances | 3,593 | 363 | (951) | (1,314) |
| Fund balances - January 1 | <u>4,700</u> | <u>4,700</u> | <u>4,700</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 8,293</u> | <u>\$ 5,063</u> | <u>\$ 3,749</u> | <u>\$ (1,314)</u> |

CACHE COUNTY
Budgetary Comparison Schedule
RAPZ Tax Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | | | | |
| Sales tax | \$ 1,100,000 | \$ 1,210,028 | \$ 1,257,365 | \$ 47,337 |
| Total revenues | <u>1,100,000</u> | <u>1,210,028</u> | <u>1,257,365</u> | <u>47,337</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | | 11,254 | 9,833 | 1,421 |
| Awards | 968,746 | 1,531,982 | 952,831 | 579,151 |
| Total expenditures | <u>968,746</u> | <u>1,543,236</u> | <u>962,664</u> | <u>580,572</u> |
| Revenues over (under) expenditures | <u>131,254</u> | <u>(333,208)</u> | <u>294,701</u> | <u>627,909</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | | | | |
| General fund | (63,000) | (15,000) | - | 15,000 |
| Municipal services fund | (12,000) | (11,259) | (11,259) | - |
| Council on aging fund | (15,000) | (9,000) | (9,000) | - |
| Planning and development fund | (30,000) | (30,000) | (18,500) | 11,500 |
| Total other financing uses | <u>(120,000)</u> | <u>(65,259)</u> | <u>(38,759)</u> | <u>26,500</u> |
| Net change in fund balances | 11,254 | (398,467) | 255,942 | 654,409 |
| Fund balances - January 1 | <u>1,592,126</u> | <u>1,592,126</u> | <u>1,592,126</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 1,603,380</u> | <u>\$ 1,193,659</u> | <u>\$ 1,848,068</u> | <u>\$ 654,409</u> |

CACHE COUNTY
Budgetary Comparison Schedule
Ambulance Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 487,140 | \$ 460,140 | \$ 460,140 | \$ - |
| Miscellaneous | - | - | 285 | 285 |
| Total revenues | <u>487,140</u> | <u>460,140</u> | <u>460,425</u> | <u>285</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 214,140 | 226,140 | 227,178 | (1,038) |
| Other expenditures | 273,000 | 234,000 | 208,363 | 25,637 |
| Capital expenditures | - | - | - | - |
| Total expenditures | <u>487,140</u> | <u>460,140</u> | <u>435,541</u> | <u>24,599</u> |
| Revenues over expenditures | - | - | 24,884 | 24,884 |
| Net change in fund balances | - | - | 24,884 | 24,884 |
| Fund balances - January 1 | <u>52,105</u> | <u>52,105</u> | <u>52,105</u> | <u>-</u> |
| Fund balances - December 31 | <u><u>\$ 52,105</u></u> | <u><u>\$ 52,105</u></u> | <u><u>\$ 76,989</u></u> | <u><u>\$ 24,884</u></u> |

CACHE COUNTY
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|--------------------|--------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Interest | \$ - | \$ - | \$ 19,636 | \$ 19,636 |
| Total revenues | <u>-</u> | <u>-</u> | <u>19,636</u> | <u>19,636</u> |
| EXPENDITURES | | | | |
| Principal | 797,795 | 797,795 | 797,752 | 43 |
| Interest and fiscal charges | <u>719,336</u> | <u>719,336</u> | <u>718,608</u> | <u>728</u> |
| Total expenditures | <u>1,517,131</u> | <u>1,517,131</u> | <u>1,516,360</u> | <u>771</u> |
| Revenues over (under) expenditures | <u>(1,517,131)</u> | <u>(1,517,131)</u> | <u>(1,496,724)</u> | <u>20,407</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | | |
| General fund | <u>1,517,131</u> | <u>1,517,131</u> | <u>1,517,131</u> | <u>-</u> |
| Total other financing sources | <u>1,517,131</u> | <u>1,517,131</u> | <u>1,517,131</u> | <u>-</u> |
| Net change in fund balances | - | - | 20,407 | 20,407 |
| Fund balances - January 1 | <u>140,542</u> | <u>140,542</u> | <u>140,542</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 140,542</u> | <u>\$ 140,542</u> | <u>\$ 160,949</u> | <u>\$ 20,407</u> |

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CACHE COUNTY
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006

| | <u>Fee Trust Fund</u> | <u>Health Department 125 Plan</u> | <u>Treasurer's Tax Fund</u> | <u>Total</u> |
|---------------------------------|-------------------------------|---|---------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 17,340,799 | \$ 17,340,799 |
| Equity in investment pool | 190,054 | - | - | 190,054 |
| Accounts receivable | 41,946 | - | - | 41,946 |
| Taxes receivable | - | - | 627,275 | 627,275 |
| Restricted cash and investments | - | 9,024 | - | 9,024 |
| Total assets | <u>\$ 232,000</u> | <u>\$ 9,024</u> | <u>\$ 17,968,074</u> | <u>\$ 18,209,098</u> |
| LIABILITIES | | | | |
| Due to other taxing units | \$ - | \$ - | \$ 17,353,550 | \$ 17,353,550 |
| Due to employees | - | 9,024 | - | 9,024 |
| Over-collections payable | - | - | 614,524 | 614,524 |
| Other collections payable | 232,000 | - | - | 232,000 |
| Total liabilities | <u>\$ 232,000</u> | <u>\$ 9,024</u> | <u>\$ 17,968,074</u> | <u>\$ 18,209,098</u> |

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CACHE COUNTY
Treasurer's Tax Fund
Schedule of Taxes Charged, Collected and Disbursed – Current and Prior
For the Year Ended December 31, 2006

| Personal Property Taxes Chgd. | Total Taxes Taxes Chgd. | Treasurer's Relief | | | | Net Tax Collected | Percent Collected | Other Collections | | | |
|-------------------------------------|----------------------------|---------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|----------------------|------------------------|------------------|
| | | Unpaid Taxes | Abatements | Other | Total Relief | | | Fee In Lieu | Misc. Collections | Delinquencies Taxes | Int./Penalty |
| 557,530 | 6,950,356 | 190,461 | 42,614 | 40,965 | 274,039 | 6,676,317 | 96.06% | 1,050,763 | 191,683 | 184,582 | 60,014 |
| 48,854 | 609,014 | 16,689 | 3,734 | 3,590 | 24,012 | 585,002 | 96.06% | 92,074 | 10,515 | 17,231 | 588 |
| 60,990 | 562,544 | 14,498 | 3,244 | 3,638 | 21,381 | 541,163 | 96.20% | 96,539 | 9,175 | 18,044 | 615 |
| 105,762 | 1,188,253 | 31,291 | 7,001 | 6,566 | 44,859 | 1,143,394 | 96.22% | 167,408 | 20,160 | 25,473 | 677 |
| <u>773,136</u> | <u>9,310,167</u> | <u>252,939</u> | <u>56,593</u> | <u>54,759</u> | <u>364,291</u> | <u>8,945,876</u> | <u>96.09%</u> | <u>1,406,784</u> | <u>231,532</u> | <u>245,329</u> | <u>61,895</u> |
| | | | | | | | | | | | |
| 3,302 | 13,801 | 179 | 5 | 137 | 321 | 13,480 | 97.67% | 1,459 | 80 | 559 | 31 |
| 8 | 22,091 | 289 | 384 | 3 | 677 | 21,415 | 96.94% | 6,725 | 316 | 360 | 16 |
| 18 | 19,157 | 1,136 | 111 | 11 | 1,258 | 17,899 | 93.43% | 1,499 | 1,286 | 96 | 3 |
| 2,870 | 140,889 | 5,133 | 992 | 319 | 6,444 | 134,445 | 95.43% | 25,736 | 10,284 | 4,521 | 157 |
| 5,799 | 278,812 | 10,338 | 1,923 | (3) | 12,258 | 266,553 | 95.60% | 49,539 | 5,158 | 8,050 | 407 |
| 17,889 | 148,847 | 2,627 | 1,432 | 259 | 4,317 | 144,530 | 97.10% | 22,488 | 1,411 | 3,732 | 194 |
| 412,864 | 3,473,962 | 75,669 | 21,528 | 44,589 | 141,786 | 3,332,176 | 95.92% | 427,054 | 30,449 | 79,817 | 2,259 |
| 269 | 64,454 | 1,938 | 591 | 7 | 2,536 | 61,918 | 96.07% | 19,166 | 331 | 628 | 30 |
| 829 | 45,762 | 507 | 207 | 11 | 725 | 45,037 | 98.42% | 10,205 | 975 | 652 | 21 |
| 464 | 29,106 | 453 | 250 | 3 | 707 | 28,399 | 97.57% | 8,368 | 141 | 1,512 | 29 |
| 3,996 | 198,949 | 6,110 | 1,028 | 141 | 7,279 | 191,669 | 96.34% | 26,383 | 3,354 | 7,570 | 177 |
| 38,183 | 711,821 | 18,348 | 1,908 | (197) | 20,059 | 691,761 | 97.18% | 91,780 | 20,466 | 13,375 | 456 |
| 175 | 29,630 | 987 | 398 | 4 | 1,389 | 28,242 | 95.31% | 9,565 | 570 | 643 | 17 |
| 5,129 | 292,955 | 8,802 | 2,468 | 27 | 11,297 | 281,658 | 96.14% | 52,397 | 6,716 | 6,159 | 217 |
| 4,957 | 83,931 | 2,565 | 1,160 | 14 | 3,739 | 80,192 | 95.55% | 19,486 | 1,386 | 1,884 | 104 |
| 298 | 79,169 | 2,937 | 875 | 6 | 3,818 | 75,351 | 95.18% | 9,483 | 1,148 | 1,428 | 27 |
| 17,913 | 426,624 | 13,419 | 3,860 | 529 | 17,808 | 408,816 | 95.83% | 93,690 | 3,258 | 15,463 | 468 |
| 623 | 14,037 | 565 | 143 | 6 | 713 | 13,323 | 94.92% | 2,486 | 686 | 1,183 | 31 |
| 3,255 | 135,610 | 12,085 | 717 | 419 | 13,221 | 122,390 | 90.25% | 40,332 | 3,550 | 5,381 | 152 |
| <u>518,840</u> | <u>6,209,606</u> | <u>164,087</u> | <u>39,980</u> | <u>46,285</u> | <u>250,351</u> | <u>5,959,255</u> | <u>95.97%</u> | <u>917,841</u> | <u>91,564</u> | <u>153,013</u> | <u>4,797</u> |
| | | | | | | | | | | | |
| - | 1,610 | 25 | - | - | 25 | 1,585 | 98.45% | - | - | - | - |
| - | 3,914 | 75 | - | - | 75 | 3,839 | 98.08% | - | - | 25 | - |
| - | 1,059 | 10 | - | - | 10 | 1,049 | 99.06% | - | - | 43 | - |
| - | 459 | 31 | - | - | 31 | 428 | 93.14% | - | - | 5 | - |
| - | 127,843 | 1,144 | - | - | 1,144 | 126,699 | 99.10% | - | - | 5,183 | - |
| - | 1,252 | - | - | - | - | 1,252 | 100.00% | - | - | 3 | - |
| - | 22,935 | 13,754 | - | - | 13,754 | 9,181 | 40.03% | - | - | 7,622 | - |
| - | 147 | 3 | - | - | 3 | 144 | 97.96% | - | - | - | - |
| 829 | 1,138 | - | - | - | - | 1,138 | 100.00% | - | 10 | - | - |
| - | 8,812 | 288 | 102 | 3 | 392 | 8,420 | 95.55% | 38 | 67 | 179 | 17 |
| - | - | 1,779 | - | - | 1,779 | (1,779) | 0.00% | - | - | - | - |
| 8,029 | 145,701 | 4,630 | 824 | 154 | 5,608 | 140,093 | 96.15% | 23,590 | 3,395 | 2,902 | 35 |
| - | 2,136 | - | - | - | - | 2,136 | 100.00% | - | - | - | - |
| - | 105,510 | - | - | - | - | 105,510 | 100.00% | - | - | - | - |
| - | 28,190 | 530 | - | - | 530 | 27,660 | 98.12% | - | - | - | - |
| - | - | 1,339 | - | - | 1,339 | (1,339) | 0.00% | - | - | - | - |
| <u>8,858</u> | <u>450,707</u> | <u>23,608</u> | <u>926</u> | <u>157</u> | <u>24,691</u> | <u>426,016</u> | <u>94.52%</u> | <u>23,629</u> | <u>3,471</u> | <u>15,963</u> | <u>52</u> |
| | | | | | | | | | | | |
| 230 | 5,050 | 211 | 16 | 1 | 228 | 4,822 | 95.49% | 258 | 126 | 266 | 14 |
| 3 | 4,527 | 199 | 19 | 8 | 226 | 4,301 | 95.01% | 275 | 230 | 17 | 1 |
| 697 | 47,933 | 1,567 | 306 | 79 | 1,952 | 45,981 | 95.93% | 6,257 | 3,780 | 1,626 | 70 |
| 422 | 20,237 | 482 | 99 | 12 | 593 | 19,644 | 97.07% | 3,456 | 378 | 777 | 22 |
| 33 | 3,481 | 68 | 18 | 2 | 88 | 3,393 | 97.48% | 597 | 42 | 178 | 3 |
| 20 | 5,997 | 219 | 39 | 1 | 260 | 5,737 | 95.67% | 1,187 | 132 | 230 | 6 |
| 2,374 | 16,917 | 354 | 133 | 2 | 489 | 16,429 | 97.11% | 2,033 | 356 | 271 | 13 |
| <u>3,779</u> | <u>104,142</u> | <u>3,100</u> | <u>631</u> | <u>104</u> | <u>3,835</u> | <u>100,307</u> | | <u>14,065</u> | <u>5,044</u> | <u>3,364</u> | <u>128</u> |
| | | | | | | | | | | | |
| 548,587 | 11,405,122 | 358,019 | 69,630 | 11,421 | 439,071 | 10,966,051 | 96.15% | 1,773,391 | 303,507 | 336,495 | 11,788 |
| 196,987 | 3,507,040 | 109,157 | 21,230 | 3,889 | 134,275 | 3,372,765 | 96.17% | 636,792 | 84,411 | 121,100 | 4,277 |
| <u>745,574</u> | <u>14,912,162</u> | <u>467,176</u> | <u>90,860</u> | <u>15,310</u> | <u>573,345</u> | <u>14,338,816</u> | <u>96.16%</u> | <u>2,410,183</u> | <u>387,918</u> | <u>457,595</u> | <u>16,064</u> |
| | | | | | | | | | | | |
| 1,013,822 | 8,632,998 | 186,720 | 53,979 | 109,799 | 350,498 | 8,282,499 | 95.94% | 1,048,666 | 78,917 | 182,692 | 5,586 |
| 312,281 | 2,306,243 | 48,865 | 14,127 | 32,863 | 95,855 | 2,210,388 | 95.84% | 323,013 | 18,023 | 58,675 | 1,866 |
| <u>1,326,103</u> | <u>10,939,241</u> | <u>235,585</u> | <u>68,106</u> | <u>142,663</u> | <u>446,354</u> | <u>10,492,887</u> | <u>95.92%</u> | <u>1,371,680</u> | <u>96,940</u> | <u>241,367</u> | <u>7,452</u> |
| <u>2,071,677</u> | <u>25,851,403</u> | <u>702,762</u> | <u>158,965</u> | <u>157,972</u> | <u>1,019,699</u> | <u>24,831,703</u> | <u>96.06%</u> | <u>3,781,862</u> | <u>484,859</u> | <u>698,962</u> | <u>23,517</u> |
| | | | | | | | | | | | |
| 115,621 | 328,720 | - | - | - | - | 328,720 | 100.00% | - | - | - | - |
| 114,626 | 329,755 | - | - | - | - | 329,755 | 100.00% | - | - | - | - |
| 10,288 | 30,992 | - | - | - | - | 30,992 | 100.00% | - | - | - | - |
| 39,375 | 122,240 | - | - | - | - | 122,240 | 100.00% | - | - | - | - |
| 368,175 | 1,058,554 | - | - | - | - | 1,058,554 | 100.00% | - | - | - | - |
| <u>648,085</u> | <u>1,870,261</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,870,261</u> | <u>100.00%</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 4,024,374</u> | <u>\$ 43,796,285</u> | <u>\$ 1,146,496</u> | <u>\$ 257,095</u> | <u>\$ 259,276</u> | <u>\$ 1,662,867</u> | <u>\$ 42,133,418</u> | <u>96.20%</u> | <u>\$ 6,144,180</u> | <u>\$ 816,470</u> | <u>\$ 1,116,632</u> | <u>\$ 90,389</u> |

Component Units

CACHE COUNTY
Combining Statement of Net Assets
North Park Interlocal Cooperative
December 31, 2006

| | North Park Interlocal Cooperative | Bridgerland Community Ice Arena | Total |
|---|--|--|---------------------|
| ASSETS | | | |
| Cash | \$ 201,368 | \$ 105,523 | \$ 306,891 |
| Taxes receivable | 58,096 | - | 58,096 |
| Accounts receivable | - | 18,476 | 18,476 |
| Pledges receivable, net | - | 196,395 | 196,395 |
| Restricted investments | 201,700 | 119,329 | 321,029 |
| Inventory | - | 33,913 | 33,913 |
| Other assets | - | 10,376 | 10,376 |
| Noncurrent pledges receivable, net | - | 186,504 | 186,504 |
| Capital assets: | | | |
| Buildings and equipment | 4,174,358 | 182,401 | 4,356,759 |
| Less: accumulated depreciation | (420,517) | (122,438) | (542,955) |
| Total assets | <u>4,215,005</u> | <u>730,479</u> | <u>4,945,484</u> |
| LIABILITIES | | | |
| Accounts payable | - | 37,913 | 37,913 |
| Noncurrent liabilities: | | | |
| Due within one year | 177,000 | - | 177,000 |
| Due in more than one year | 1,073,000 | - | 1,073,000 |
| Total liabilities | <u>1,250,000</u> | <u>37,913</u> | <u>1,287,913</u> |
| NET ASSETS | | | |
| Invested in net assets, net of related debt | 2,503,841 | 59,963 | 2,563,804 |
| Restricted for: | | | |
| Capital projects | - | 496,612 | 496,612 |
| Debt service | 201,700 | - | 201,700 |
| Other purposes | - | 5,616 | 5,616 |
| Unrestricted | 259,464 | 130,375 | 389,839 |
| Total net assets | <u>\$ 2,965,005</u> | <u>\$ 692,566</u> | <u>\$ 3,657,571</u> |

CACHE COUNTY
Combining Statement of Activities
North Park Interlocal Cooperative
For the Year Ended December 31, 2006

| | <u>North Park Interlocal Cooperative</u> | <u>Bridgerland Community Ice Arena</u> | <u>Total</u> |
|------------------------------------|--|--|---------------------|
| Expenses | \$ 180,129 | \$ 615,507 | \$ 795,636 |
| Program revenues: | | | |
| Charges for services | - | 449,169 | 449,169 |
| Operating grants and contributions | 92,855 | 160,922 | 253,777 |
| Capital grants and contributions | - | 104,485 | 104,485 |
| Total revenues | <u>92,855</u> | <u>714,576</u> | <u>807,431</u> |
| Net revenues (expenses) | <u>(87,274)</u> | <u>99,069</u> | <u>11,795</u> |
| General revenues: | | | |
| Sales taxes | 242,546 | - | 242,546 |
| Interest | 18,963 | 3,010 | 21,973 |
| Total general revenues | <u>261,509</u> | <u>3,010</u> | <u>264,519</u> |
| Change in net assets | 174,235 | 102,079 | 276,314 |
| Net assets - beginning | <u>2,790,770</u> | <u>590,487</u> | <u>3,381,257</u> |
| Net assets - ending | <u>\$ 2,965,005</u> | <u>\$ 692,566</u> | <u>\$ 3,657,571</u> |

CACHE COUNTY
SINGLE AUDIT REPORTS

December 31, 2006

CACHE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA No.</u> | <u>Pass-Through Grant No.</u> | <u>Expenditures</u> |
|---|-----------------------------|-----------------------------------|---------------------|
| U.S. Department of Agriculture (DOA) | | | |
| <i>Direct Program</i> | | | |
| Federal Forest Reserve | 10.665 | FY 2006 | \$ 72,079 |
| <i>Passed through Bear River Association of Governments</i> | | | |
| Elderly Feeding Program, Cash-In-Lieu | 10.550 | FY 05-06 | 26,889 |
| Elderly Feeding Program, Cash-In-Lieu | 10.550 | FY 06-07 | - |
| Total DOA | | | 98,968 |
| U.S. Department of Education (ED) | | | |
| <i>Passed through Logan School District</i> | | | |
| Mentoring Program | 84.184B | FY 2006 | 36,786 |
| Total ED | | | 36,786 |
| U.S. Department of Health & Human Services (HHS) | | | |
| <i>Passed through Bear River Association of Governments</i> | | | |
| Special Programs for Aging, Title III, Part B | 93.044 | FY 05-06 | 18,219 |
| Special Programs for Aging, Title III, Part B | 93.044 | FY 06-07 | 31,006 |
| Special Programs for Aging, Title III, Part C | 93.045 | FY 05-06 | 49,510 |
| Special Programs for Aging, Title III, Part C | 93.045 | FY 06-07 | 10,050 |
| Health Insurance Counseling | 93.779 | FY 05-06 | - |
| Health Insurance Counseling | 93.779 | FY 06-07 | 543 |
| Title XX Discretionary Fund | 93.667 | FY 05-06 | 4,500 |
| Title XX Discretionary Fund | 93.667 | FY 06-07 | - |
| <i>Passed through State Department of Health</i> | | | |
| General Federal Block MHF | 93.958 | 05-2440 | 53,600 |
| General Federal Block MHF | 93.958 | 05-2440 | 53,350 |
| Federal Block Children MHX | 93.958 | 05-2440 | 14,000 |
| Federal Block Children MHX | 93.958 | 05-2440 | 13,900 |
| Polling Place Accessibility | 93.617 | FY 2005 | - |
| Polling Place Accessibility | 93.617 | FY 2006 | 7,272 |
| Total HHS | | | 255,950 |
| U.S. Department of the Interior (DOI) | | | |
| <i>Passed through State Division of Wildlife Resources</i> | | | |
| Pittman-Robertson Program | 15.611 | FY 2006 | 8,790 |
| Total DOI | | | 8,790 |

(Continued)

CACHE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA No.</u> | <u>Pass-Through Grant No.</u> | <u>Expenditures</u> |
|--|-----------------------------|-----------------------------------|---------------------|
| U.S. Department of Justice (DOJ) | | | |
| <i>Passed through State Office of the Attorney General</i> | | | |
| Bulletproof Vest Partnership Program | 16.607 | 2003BUBX03018979 | 22 |
| Bulletproof Vest Partnership Program | 16.607 | 2005BUBX05029728 | 11,929 |
| Bulletproof Vest Partnership Program | 16.607 | 2006BUBX06136129 | 1,871 |
| Emerging Technology Implementation | 16.579 | 4D35 | 15,400 |
| Victim Assistance Services Grant | 16.575 | 05-VOCA-03 | 47,793 |
| Victim Assistance Services Grant | 16.575 | 06-VOCA-03 | 47,419 |
| Violence Against Women Grant (S.T.O.P.) | 16.588 | 04-VAWA-01 | - |
| Violence Against Women Grant (S.T.O.P.) | 16.588 | 05-VAWA-02 | 37,834 |
| Violence Against Women Grant (Special Prosecutor) | 16.588 | 04-VAWA-38 | - |
| Violence Against Women Grant (Special Prosecutor) | 16.588 | 05-VAWA-01 | 48,293 |
| Total DOJ | | | 210,561 |
| U.S. Department of Transportation (DOT) | | | |
| <i>Direct Program</i> | | | |
| Airport Improvement Project #15 | 20.106 | DOT-FA05NM-1089 | 1,619,132 |
| Airport Improvement Project #16 | 20.106 | DOT-FA05NM-1005 | 71,250 |
| Airport Improvement Project #17 | 20.106 | DOT-FA06NM-1048 | 605,183 |
| Small Community Air Service Development Pilot Program | 20.930 | OST-2004-17343-104 | 53,606 |
| <i>Passed through Bear River Health Department</i> | | | |
| Cache Safe Communities Project | 20.600 | FY 2006 | 1,000 |
| <i>Passed through State Department of Transportation</i> | | | |
| Logan Canyon Scenic Byway - Corridor | 20.205 | 05-8373 | 11,315 |
| Logan Canyon Scenic Byway - Corridor | 20.205 | 06-8330 | 20,464 |
| Logan Canyon Scenic Byway - Corridor | 20.205 | 05-8377 | 5,622 |
| <i>Passed through State Division of Homeland Security</i> | | | |
| 2006 LEPC Hazardous Materials Planning Grant | 20.703 | FY 2006 | 2,481 |
| 2007 LEPC Hazardous Materials Planning Grant | 20.703 | FY 2007 | - |
| Total DOT | | | 2,390,053 |
| The Corporation for National and Community Service | | | |
| <i>Direct Program</i> | | | |
| Retired Service Volunteer Program | 94.002 | 03SRPUT001 | 9,797 |
| Retired Service Volunteer Program | 94.002 | 06SRPUT001 | 29,990 |
| Total Action Program | | | 39,787 |

(Continued)

CACHE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA No.</u> | <u>Pass-Through Grant No.</u> | <u>Expenditures</u> |
|--|-----------------------------|-----------------------------------|---------------------|
| Office of Library Services, Institute of Museum and Library Services, National Foundation for the Arts and Humanities | | | |
| <i>Passed through State Library Program</i> | | | |
| Library Services & Technology Act | 45.310 | 06-1270 | 2,450 |
| Total Library | | | 2,450 |
| U.S. Department of Homeland Security | | | |
| <i>Passed through Bear River Health Department</i> | | | |
| 2004 Citizen Corps Grant Allocation | 97.004 | FY 2004 | 168 |
| <i>Passed through State Department of Public Safety</i> | | | |
| 2004 State Homeland Security | 97.004 | FY 2004 | 141,143 |
| 2005 State Homeland Security | 97.067 | FY 2005 | 150,945 |
| 2006 State Homeland Security | 97.067 | FY 2006 | - |
| Law Enforcement Terrorism Prevention | 97.004 | FY 2004 | 15,218 |
| Law Enforcement Terrorism Prevention | 97.067 | FY 2005 | - |
| Law Enforcement Terrorism Prevention | 97.067 | FY 2006 | - |
| Emergency Management Performance Grant | 97.042 | FY 2006 | 18,000 |
| 2005 Citizen Corps Grant Allocation | 97.067 | FY 2005 | 4,084 |
| 2005 Citizen Corps Grant Allocation | 97.067 | FY 2005 | 1,250 |
| 2006 Citizen Corps Grant Allocation | 97.067 | FY 2006 | - |
| Total Homeland Security | | | 330,808 |
| GRAND TOTAL | | | \$ 3,374,153 |

CACHE COUNTY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

NOTE 1 – PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. Major programs have been noted on the Schedule of Findings and Questioned Costs in accordance with those definitions.



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INDEPENDENT AUDITORS' 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

To the Cache County Council
Logan, UT 84321

We have audited the financial statements of Cache County, Utah, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 21, 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider deficiency 06-01, 06-02, 06-03, and 06-04 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity'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 believe that none of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

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 response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the County Council, others within the entity, 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.

A handwritten signature in blue ink that reads "Jones Simkins, P.C.".

JONES SIMKINS, P.C.

June 21, 2007



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Cache County Council
Logan, UT 84321

Compliance

We have audited the compliance of Cache County, Utah with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion of the County's compliance based on our audit.

The County's basic financial statements include the operations of Bear River Health Department, which expended \$4,886,478 in federal awards that is not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2006. Our audit, described below, did not include the operations of Bear River Health Department because the audit of the Bear River Health Department in accordance with OMB Circular A-133 was performed separate from our audit of the County.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Cache County, Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency in internal control, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the management, the County Council, others within the entity, 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.



JONES SIMKINS, P.C.
June 21, 2007

CACHE COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2006

A. Summary of Auditors' Results:

| | | |
|----|---|----------------------------|
| 1. | Type of Report Issued | Unqualified |
| 2. | Significant Deficiencies in Internal Control | Four |
| 3. | Material Non-Compliance Discovered | None |
| 4. | Significant Deficiencies in Internal Control Over Major Programs | None |
| 5. | Compliance Report Issued | Unqualified |
| 6. | Reportable Findings Under A-133 | None |
| 7. | Federal Programs Tested as Major Programs | 20.106 97.004 97.067 |
| 8. | Dollar Threshold Used to Distinguish Between Type A and Type B Programs | \$ 300,000 |
| 9. | Auditee Qualification as High or Low Risk | Low |

B. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards.

Finding 06-01

Condition: A change in the County's property tax database programming was made without sufficient understanding of the effects on system reports used in the reporting of property tax transactions.

Criteria: The County is responsible to have sufficient controls over computerized information systems to avoid unanticipated changes in reporting as a result of programming alterations.

Effect: The County's property tax reporting is subject to possible error due to changes in software programming.

Cause: Sufficient controls are not designed surrounding the maintenance and modification of the property tax database.

CACHE COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2006

Finding 06-02

Condition: The County does not have sufficient internal control over reporting of federal award expenditures to ensure proper cutoff of reported expenditures between fiscal years.

Criteria: The County is responsible to have sufficient internal control over financial reporting to ensure reporting of federal awards expenditures is accurate and adheres to accounting principles generally accepted in the United States of America.

Effect: The County relied on financial statement audit procedures to identify errors in cutoff of expenditures reported in the Schedule of Expenditures of Federal Awards.

Cause: Insufficient communication between decentralized federal grant management and centralized accounting and reporting.

Finding 06-03

Condition: Accounting for cash accounts used in the operations of the County Jail and County Sherriff's office was not included in the County's accounting system or financial reports during a portion of fiscal year 2006.

Criteria: The County is responsible to have sufficient internal control over the safekeeping and financial reporting of all cash held by the County.

Effect: The risk of mishandling or incorrectly reporting cash assets is increased when internal controls over cash are not understood or incompletely applied.

Cause: The County has not assessed the status of internal controls over cash accounts used in the operation of the County Jail and County Sherriff's office.

Finding 06-04

Condition: The County's internal control system is not designed in accordance with the expectations of the Government Accountability Office (GAO).

Criteria: Internal control standards adopted by the GAO expect that the individuals charged with governance of an organization establish an effective control environment, assess internal control risks, establish appropriate control activities, document and communicate controls and procedures, and monitor compliance with policies and procedures.

Effect: The County has a significant deficiency in the design of its internal control processes.

Cause: The County has not evaluated current internal control expectations established by the GAO.

CACHE COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2006

C. Findings and Questioned Costs Related to Federal Awards Required to be Reported in Accordance with OMB Circular A-133.

None

CACHE COUNTY
Summary Schedule of Prior Year Audit Findings
(Client Submitted Document)
For the Year Ended December 31, 2006

None required because there were no findings in the prior year.

CACHE COUNTY
Corrective Action Plan
(Client Submitted Document)
For the Year Ended December 31, 2006

Cache County respectfully submits the following response to the findings identified in the December 31, 2006 audit:

Response to finding 06-01

Management will review the controls over computerized information systems regarding the property tax database and implement changes where necessary.

Response to finding 06-02

Management has reviewed communication procedures as part of internal control over the reporting of federal award expenditures to improve proper period reporting.

Response to finding 06-03

Management will assess the status of internal controls over cash accounts used in the operation of the County Jail and the County Sheriff's office and implement necessary changes.

Responses to finding 06-04

Management will evaluate the cost and benefit of implementing controls in accordance with the expectations of the GAO and implement additional controls where practical and reasonable.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LEGAL COMPLIANCE REQUIREMENTS**

To the Cache County Council
Logan, UT 84321

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cache County, Utah for the year ended December 31, 2006 and have issued our report thereon dated June 21, 2007. As part of our audit, we have audited Cache County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. Cache County received the following major state assistance programs from the state of Utah:

Class B Road Funds (Department of Transportation)
Liquor Law Enforcement Funds (Tax Commission)

Funds passed through to Bear River Mental Health, Inc.,
a non-profit corporation which is a subrecipient of the County:

Mental Health Service Contract (Department of Human Services)

Cache County also received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Cache County's financial statements).

State Airport Agreement (Department of Transportation)
Airport Improvement Project (Department of Transportation)
Children's Justice Center (Attorney General)
US 89-91 South Cache County Transportation Study (Department of Transportation)
Lands Planning Grant (Office of State and Local Planning)
Retired Service Volunteer Program (Department of Human Services)
State Transportation (Department of Transportation)
State Services (Department of Human Services)
State Home Delivered Meals (Department of Human Services)
State Nutrition (Department of Human Services)
Top of Utah Cooperative Grant (Office of Economic Development)

Cloud Seeding (Division of Water Resources)
Cadastral Mapping Grant (Department of Technology Services)
RS2477 Road Recordation Grant (Public Lands Policy Coordination Office)

Our audit also included testwork on Cache County's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
B&C Road Funds
Special Districts
Other General Compliance Issues
Uniform Building Code Standards
Statement of Taxes Charged, Collected, and Disbursed
Assessing and Collecting of Property Taxes
Transient Room Tax
Impact Fees and Other Development Fees
Asset Forfeiture

The management of Cache County is responsible for Cache County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which were reported to the County Council in a separate letter dated June 21, 2007. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Cache County, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.



JONES SIMKINS, P.C.
June 21, 2007

CACHE COUNTY
Schedule of Expenditures of Transient Room Taxes
and Tourism, Recreation, Cultural and Convention Facilities Taxes
For the Year Ended December 31, 2006

Transient Room Tax

| | | |
|---|----|----------------|
| Establishing and promoting: | | |
| Recreation | \$ | - |
| Tourism | | 203,770 |
| Film production | | - |
| Conventions | | - |
| Acquiring, leasing, constructing, furnishing, or operating: | | |
| Convention meeting rooms | | - |
| Exhibit halls | | - |
| Visitor information centers | | 7,331 |
| Museums | | - |
| Related facilities | | - |
| Acquiring, or leasing land required for or related to: | | |
| Convention meeting rooms | | - |
| Exhibit halls | | - |
| Visitor information centers | | - |
| Museums | | - |
| Related facilities | | - |
| Mitigation costs | | - |
| Payment of principal, interest, and premiums on bonds | | 67,500 |
| Total Transient Room Tax Expenditures | \$ | <u>278,601</u> |

Tourism, Recreation, Culture, and Convention Facilities Taxes

| | | |
|---|----|----------------|
| Financing tourism promotion | \$ | 156,460 |
| Development, operation, and maintenance of: | | |
| Tourist facilities | | - |
| Recreation facilities | | 451,866 |
| Cultural facilities | | - |
| Total TRCC Facilities Tax Expenditures | \$ | <u>608,326</u> |

Reserves and Pledges

| | | |
|---|----|----------------|
| Reserves on bonds related to TRT funds | \$ | - |
| Pledges as security for evidences of indebtedness related to TRCC | | 696,412 |
| Total Pledges of TRT and TRCC Taxes | \$ | <u>696,412</u> |