CASS COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

Cass County
Table of Contents

	Exhibit	Page
Officials		
Independent Auditor's Report		1
Management's Discussion and Analysis		3 - 3e
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A	4
Statement of Activities	B	6
Governmental Funds Financial Statements:		
Balance Sheet	C	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	9
Statement of Revenues, Expenditures and Changes in Fund Balances	E	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	12
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	13
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	14
Statement of Cash Flows	I	15
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities - Agency Funds	J	16
Notes to Financial Statements		17
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds		33
Budgetary Comparison Schedule - Budget to GAAP Reconciliation		34
Notes to Required Supplementary Information - Budgetary Reporting		35
Other Supplementary Information:	Schedule	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	37
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	38
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	41
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	5	44
Schedule of Expenditures of Federal Awards	6	45
Independent Auditor's 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		46
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		48
Schedule of Findings and Questioned Costs		50

Cass County

Officials

Name	Title	Term Expires
William Behnken	Board of Supervisors	January, 2009
Charles Rieken	Board of Supervisors	January, 2009
Duane McFadden	Board of Supervisors	January, 2009
Chuck Kinen	Board of Supervisors	January, 2011
Dave Dunfee	Board of Supervisors	January, 2011
Dale E. Sunderman	County Auditor	January, 2009
Tracey J. Marshall	County Treasurer	January, 2011
Joyce Jensen	County Recorder	January, 2011
Bill Sage	County Sheriff	January, 2009
Daniel Feistner	County Attorney	January, 2011
Brenda Nelson	County Assessor	January, 2010

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Cass County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2008 on our consideration of Cass County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 3e and 33 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

To the Officials of Cass County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Grunewald, Bell, Kyhnn & Co. P.C.

Atlantic, Iowa
January 31, 2008

Board of Supervisors
Cass County
5 West 7th Street / Atlantic, IA 50022 (712) 243-6661 FAX: (712) 243-4572

MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

Cass County implemented new reporting standards, including this MD&A for the fiscal year ending June 30, 2004. This is the fourth year for this format.

2007 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	FY2006	FY2007	CHANGE
Valuation for computing property taxes	$ 447,668,678	$ 471,982,292	$24,313,614
Rural Valuation	$ 260,781,215	$ 268,381,166	$ 7,599,951
Urban Valuation	$ 186,887,463	$ 203,601,126	$16,713,663
Taxes Levied On Property	$ 3,948,976	$ 4,153,057	$ 204,081

Cass County levy rates/$1,000 are shown below:

	FY2006	FY2007
General Basic/General Supplemental	4.90027	5.00092
MH-DD	1.76257	1.67177
Rural Basic/Rural Supplemental	4.43819	4.45000
Total	11.10103	11.12269

{see page - 10-}	FY2006	FY2007	Change
Governmental Fund Revenues	$ 9,711,735	$ 10,398,185	$ 686,450
Comprised in part by the following:			
Net Taxes	$ 3,655,775	$ 3,890,636	$ 234,861
Utility Tax Replacement	$ 185,771	$ 190,679	$ 4,908
State Replacements	$ 274,759	$ 259,796	$ (14,963)
Local Option Sales Tax Revenue	$ 475,903	$ 573,870	$ 97,967

(See page -10-)	FY2006	FY2007	Change
Governmental Fund Expenditures	$ 9,811,562	$ 11,460,677	$ 1,649,115
Comprised of the following:			
Operating Expenses	$ 9,279,353	$ 9,322,508	$ 43,155
Capital Projects	$ 532,209	$ 2,138,169	$ 1,605,960

(See page -4-)	FY2006	FY2007	Change
Capital Assets	$ 6,605,898	$ 9,459,555	$ 2,853,657

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

- The Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Cass County as a whole and present an overall view of the County's finances.

- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

- Other Supplemental Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is *Is the County as a whole better off or worse off as a result of the year's activities?* The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health, MR & DD
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities

Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Cass County has three kinds of funds – governmental, proprietary & fiduciary funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily by converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health Insurance Account. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a couple.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. This is the third year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Statement of Net Assets - Governmental Activities

Net Assets (see page -5-)	June 30, 2006	June 30, 2007
Invested in Capital Assets, Net of Related Debt	6,605,898	8,649,693
Restricted for:		
Mental Health Purposes	283,602	205,043
Secondary Roads Purposes	874,594	795,734
Capital Project Purposes	241,730	283,264
Other Purposes	1,001,032	966,313
Unrestricted	831,212	1,222,576
Net Assets	$ 9,838,068	$12,122,623
Short Term Debt Outstanding (see page -4-)	--	1,309,862
Other Liabilities	4,672,728	4,702,045
Total Liabilities	$ 4,672,728	$ 6,011,907

A large portion of the County's total assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. Restricted net assets represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Assets of Governmental Activities
(See Page -6-; Exhibit B- Statement of Activities)
Year Ended June 30, 2007

REVENUES			
	Program Revenues		
		Charges for services	716,638
		Operating Grants & Contributions & Int.	3,628,565
		Capital Grants & Contributions	2,190,323
	General Revenues		
		Property Taxes	4,097,673
		Penalty & Interest on Property Taxes	59,459
		State tax credits	765,249
		Local option sales & service tax	573,870
		Unrestricted investment earnings	226,057
		Loss on disposal of assets	12,501
		Other general revenues	870,452
		Total revenues	6,605,261
PROGRAM EXPENSES			
	Public Safety & Legal Services		1,749,042
	Physical Health & Social Services		385,611
	Mental Health, MR& DD		2,148,376
	County Environment & Education		363,735
	Roads & Transportation		3,992,488
	Government Services to Residents		337,063
	Administration		1,850,325
	Nonprogram Current		29,592
		Total expenses	10,856,232
	Change in net assets		2,284,555
	Net assets beginning of year		9,838,068
	Net assets end of year		12,122,623

INDIVIDUAL MAJOR FUND ANALYSIS (See Balance Sheet Page -8-)

Fund Balances at end of	FY2004	FY2005	FY2006	FY2007
General Fund	349,773	452,155	605,782	963,908
Mental Health/DD Fund	347,035	402,693	287,466	183,584
Rural Services	861,741	701,322	494,343	322,737
Secondary Roads	616,270	753,735	818,600	859,572
Capital Projects	172,167	215,641	241,730	283,264
Other Funds	512,558	473,401	558,848	638,885
	2,859,544	2,998,947	3,006,769	3,251,950

GENERAL BUDGETARY HIGHLIGHTS

Over the course of the year, Cass County amended its budget one time. An amendment of the budget was made in May, 2007: Increase Physical Health and Social Services $10,000; increase Mental Health $110,000; increase County Environment & Education $10,000; increase Government Services to Residents $4,200; and increase Capital Projects $1,236,000. Mental Health increase was to permit flow through for "State Payment Cases". Oversight of certain state cases was made the responsibility of the county during the year with reimbursement for those cases from the State. Physical Health and Social Services increase was to allow flow through for a veterans affairs performance grant. Capital Projects increase was to allow flow through of monies for development of Amaizing Energy ethanol site ($600,000 flow through for road/utility improvements); acquisition of property for the Valley Business Park ($1,050,000); and decrease of $414,000 for FY07 Secondary Roads Construction. Other two increases were for changes in insurance expenses (conservation and recorder departments).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (see page -4-)

Cass County ended FY 2007 with approximately $9,459,555 invested in a broad range of capital assets.

Debt

Cass County and Audubon County in a joint project had $1,000,000 ($500,000 each) in loan obligation outstanding as of the end of FY 2007 in a joint economic development project: Valley Business Park. The intent is to pay the loan through revenues generated through lease of undeveloped farm ground, Local Option Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2007 budget, tax rates, the local uncertainty about a major employer in the county and funding of various County services. One of those factors was the economy which has suffered a down-turn. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2000 census was 14,634. The county compensation board recommended an $11,550 increase for attorney; $1,523 for recorder; $1,494 for treasurer and auditor; and $5,515 for sheriff; and $512 for supervisors (plus $1,000 additional for chair) for FY2007. The board of supervisors approved said increases.

The County continues to tighten all departmental budgets to help alleviate the difference between revenue and expenditures in an effort to maintain current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for addition of any major new programs or initiatives in the FY 2008 budget. The Board pursuant to federal law replaced voting machines prior to the first federal election in 2006, the Primary Election. To conserve, the board reduced the number of voting precincts from 17 to 13.

If projections are realized, during FY 2008 some depletion of fund balances may occur.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County

Statement of Net Assets

June 30, 2007

	Governmental Activities
Assets	
Cash and pooled investments	$ 3,412,704
Receivables:	
Property tax:	
Delinquent	21,792
Succeeding year	4,164,000
Interest and penalty on property tax	38,165
Accounts	1,538
Accrued interest	1,406
Due from other governments	962,818
Inventories	72,552
Capital assets (net of accumulated depreciation)	9,459,555
Total assets	18,134,530
Liabilities	
Accounts payable	149,609
Salaries and benefits payable	12,959
Due to other funds	6,783
Due to other governments	230,861
Deferred revenue:	
Succeeding year property tax	4,164,000
Anticipation note	1,000,000
Amaizing Energy advance	309,862
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	137,833
Total liabilities	6,011,907

(continued next page)

Cass County

Statement of Net Assets - continued

June 30, 2007

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt	$ 8,649,693
Restricted for:	
Mental health purposes	205,043
Secondary roads purposes	795,734
Capital projects	283,264
Other purposes	966,313
Unrestricted	1,222,576
Total net assets	$ 12,122,623

See notes to financial statements.

Cass County

Statement of Activities

Year ended June 30, 2007

	Expenses	Program Revenues: Charges for Service
Functions/Programs:		
Governmental activities:		
Public safety and legal services	$ 1,749,042	$ 54,809
Physical health and social services	385,611	--
Mental health	2,148,376	404,832
County environment and education	363,735	22,678
Roads and transportation	3,992,488	--
Governmental services to residents	337,063	227,405
Administration	1,850,325	6,914
Non-program	29,592	--
Total	$ 10,856,232	$ 716,638
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Loss on disposal of assets		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year		
Net assets end of year		

See notes to financial statements.

Program Revenues			
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets	
$ 315,518	$ --	$(1,378,715)	
72,350	--	(313,261)	
400,689	--	(1,342,855)	
46,420	--	(294,637)	
2,476,964	2,190,323	674,799	
945	--	(108,713)	
315,679	--	(1,527,732)	
--	--	(29,592)	
$ 3,628,565	$ 2,190,323	(4,320,706)	
		4,097,673	
		59,459	
		765,249	
		573,870	
		226,057	
		12,501	
		870,452	
		6,605,261	
		2,284,555	
		9,838,068	
		$ 12,122,623	

Cass County

Balance Sheet
Governmental Funds

June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Assets			
Cash and pooled investments	$ 1,013,523	$ 446,469	$ 335,389
Receivables:			
Property tax:			
Delinquent	11,283	3,772	6,737
Succeeding year	2,280,000	734,000	1,150,000
Interest and penalty on property tax	38,165	--	--
Accounts	1,515	--	18
Accrued interest	1,406	--	--
Due from other funds	13,025	--	--
Due from other governments	26,600	42,326	--
Inventories	--	--	
Total assets	$ 3,385,517	$ 1,226,567	$ 1,492,144
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 19,967	$ 90,175	$ 5,192
Salaries and benefits payable	9,297	204	3,398
Due to other funds	20,413	124	--
Due to other governments	23,874	192,603	--
Deferred revenue:			
Succeeding year property tax	2,280,000	734,000	1,150,000
Other	51,279	25,877	6,737
Compensated absences	16,779	--	4,080
Total liabilities	2,421,609	1,042,983	1,169,407

(continued next page)

Special Revenue Secondary Roads	Nonmajor	Total
$ 478,880	$ 890,120	$ 3,164,381
--	--	21,792
--	--	4,164,000
--	--	38,165
5	--	1,538
--	--	1,406
--	--	13,025
347,705	46,187	462,818
72,552	--	72,552
$ 899,142	$ 936,307	$ 7,939,677
$ 6,406	$ 14,098	$ 135,838
14,384	60	27,343
--	--	20,537
--	--	216,477
--	--	4,164,000
--	--	83,893
18,780	--	39,639
39,570	14,158	4,687,727

Cass County

Balance Sheet
Governmental Funds - continued

June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Fund balances:			
Reserved for:			
Drainage warrants/drainage improvement certificates	$ --	$ --	$ --
Unreserved, reported in:			
General fund	963,908	--	--
Special revenue funds	--	183,584	322,737
Capital projects fund	--	--	--
Total fund balances	963,908	183,584	322,737
Total liabilities and fund balances	$ 3,385,517	$ 1,226,567	$ 1,492,144

See notes to financial statements.

Special Revenue Secondary Roads	Nonmajor	Total
$ --	$ 9,557	$ 9,557
--	--	963,908
859,572	629,328	1,995,221
--	283,264	283,264
859,572	922,149	3,251,950
$ 899,142	$ 936,307	$ 7,939,677

Cass County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2007

Total governmental fund balances (page 8)	$	3,251,950
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $13,794,446 and the accumulated depreciation is $4,334,891.		9,459,555
Assets from Audubon County were not received during the current period to offset the cost of real estate purchased at the Valley Business Park and therefore not recorded in the governmental funds financial statements.		500,000
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		83,893
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		235,281
Long-term liabilities, including compensated absences payable, anticipation note payable, and advance payable are not due and payable in the current period and, therefore, are not reported in the funds.		(1,408,056)
Net assets of governmental activities (page 5)	$	12,122,623

See notes to financial statements.

Cass County

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

Year ended June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Revenues:			
Property and other County tax	$ 2,227,226	$ 744,352	$ 1,132,562
Interest and penalty on property tax	50,066	--	--
Intergovernmental	334,436	1,299,287	69,331
Licenses and permits	10,439	--	--
Charges for service	309,307	--	--
Use of money and property	226,057	--	--
Miscellaneous	204,600	301	4,428
Total revenues	3,362,131	2,043,940	1,206,321
Expenditures:			
Operating:			
Public safety and legal services	1,005,459	--	437,579
Physical health and social services	385,611	--	--
Mental health	--	2,147,822	--
County environment and education	243,007	--	62,498
Roads and transportation	--	--	307,644
Governmental services to residents	337,930	--	--
Administration	923,555	--	--
Non-program	29,592	--	--
Capital projects	--	--	3,241
Total expenditures	2,925,154	2,147,822	810,962
Excess (deficiency) of revenues over (under) expenditures	436,977	(103,882)	395,359

(continued next page)

Special Revenue Secondary Roads	Nonmajor	Total
$ --	$ 573,870	$ 4,678,010
--	--	50,066
2,774,426	26,894	4,504,374
1,185	--	11,624
--	2,499	311,806
--	78,518	304,575
34,801	293,600	537,730
2,810,412	975,381	10,398,185
--	282,123	1,725,161
--	--	385,611
--	--	2,147,822
--	54,795	360,300
3,104,893	--	3,412,537
--	--	337,930
--	--	923,555
--	--	29,592
727,041	1,407,887	2,138,169
3,831,934	1,744,805	11,460,677
(1,021,522)	(769,424)	(1,062,492)

Cass County

Statement of Revenues, Expenditures and
Changes in Fund Balances - continued
Governmental Funds

Year ended June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Other financing sources (uses):			
Sale of capital assets	$ --	$ --	$ --
Proceeds from issuance of debt	--	--	--
Amaizing Energy advance	--	--	--
Operating transfers in	--	--	231,124
Operating transfers out	(78,851)	--	(798,089)
Total other financing sources (uses)	(78,851)	--	(566,965)
Net change in fund balances	358,126	(103,882)	(171,606)
Fund balances beginning of year	605,782	287,466	494,343
Increase (decrease) in reserve for: Inventories	--	--	--
Fund balances end of year	$ 963,908	$ 183,584	$ 322,737

See notes to financial statements.

Special Revenue Secondary Roads	Nonmajor	Total
$ 4,700	$ 12,257	$ 16,957
--	1,000,000	1,000,000
--	309,862	309,862
1,076,940	--	1,308,064
--	(431,124)	(1,308,064)
1,081,640	890,995	1,326,819
60,118	121,571	264,327
818,600	800,578	3,006,769
(19,146)	--	(19,146)
$ 859,572	$ 922,149	$ 3,251,950

Exhibit F

Cass County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement of Activities

Year ended June 30, 2007

Net change in fund balance - Total governmental funds (page 11)		$ 264,327
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 1,566,708	
Capital assets contributed by the Iowa Department of Transportation	1,856,875	
Depreciation expense	(565,470)	2,858,113
Governmental funds report the proceeds on debt as current period resources while governmental activities reports outstanding debt obligations as a liability:		
Proceeds from anticipation note		(1,000,000)
Proceeds from advance		(309,862)
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		
Book value of disposed assets		(4,456)
Some receipts are not collected until several months after the County's year end and are not recorded in the governmental funds.		
Due from Audubon County		500,000
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.		
Change in deferred property tax revenues		2,926
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences		9,970
Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.		(19,146)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		(17,317)
Change in net assets of governmental activities (page 6)		$ 2,284,555

See notes to financial statements.

Cass County

Statement of Net Assets

Proprietary Fund

June 30, 2007

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	$ 248,323
Due from other funds	729
Total assets	249,052
Liabilities	
Accounts payable	13,771
Net Assets	
Unrestricted	$ 235,281

See notes to financial statements.

Exhibit H

Cass County

Statement of Revenues, Expenses, and Changes
in Fund Net Assets

Proprietary Fund

Year ended June 30, 2007

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 701,195
Reimbursements from employees		134,974
Miscellaneous revenue		34,131
Total operating revenues		870,300
Operating expenses:		
Medical claims	$ 133,283	
Insurance premiums	747,068	
Administrative fees	7,266	887,617
Operating loss		(17,317)
Net assets beginning of year		252,598
Net assets end of year		$ 235,281

See notes to financial statements.

Cass County

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2007

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 701,195
Cash received from employees and others	168,376
Cash payments to suppliers for services	(892,228)
Net cash used in operating activities	(22,657)
Cash and cash equivalents at beginning of year	270,980
Cash and cash equivalents at end of year	$ 248,323
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$(17,317)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Increase in due from other funds	(729)
Decrease in accounts payable	(4,611)
Net cash used in operating activities	$(22,657)

See notes to financial statements.

Cass County

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2007

Assets	
Cash and pooled investments:	
County Treasurer	$ 698,966
Other County officials	9,167
Receivables:	
Property tax:	
Delinquent	54,638
Succeeding year	12,818,000
Accounts	22,465
Due from other funds	19,684
Due from other governments	158,370
Total assets	13,781,290
Liabilities	
Accounts payable	36,614
Salaries and benefits payable	15,214
Due to other funds	12,901
Due to other governments	13,674,600
Trusts payable	7,109
Compensated absences	34,852
Total liabilities	13,781,290
Net assets	$ --

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Cass County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Cass County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cass County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Cass County Auditor's office.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Area Solid Waste Agency Commission. An audit of this Commission is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are 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, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2006.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable - Special assessments receivable represent amounts assessed to individuals for work done that benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours, upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets - The net assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $532,070 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	$ 124
	Agency:	
	County Offices	1,831
	Auto License and Use Tax	11,070
		13,025
Proprietary:		
Internal Service - Employee Group Health	General	729
Agency:		
Public Safety	General	19,684
Total		$ 33,438

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 78,851
	Special Revenue:	
	Rural Services	798,089
	Local Option Sales Tax	200,000
		1,076,940
Special Revenue:		
Rural Services	Special Revenue:	
	Local Option Sales Tax	231,124
		$ 1,308,064

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 832,200	$ 512,500	$ --	$ 1,344,700
Construction in progress	341,255	2,613,418	2,398,745	555,928
Total capital assets not being depreciated	1,173,455	3,125,918	2,398,745	1,900,628
Capital assets being depreciated:				
Buildings	1,722,211	--	--	1,722,211
Equipment and vehicles	4,612,979	297,665	79,064	4,831,580
Infrastructure, road network	2,941,282	2,398,745	--	5,340,027
Total capital assets being depreciated	9,276,472	2,696,410	79,064	11,893,818
Less accumulated depreciation for:				
Buildings	1,219,960	23,710	--	1,243,670
Equipment and vehicles	2,597,273	482,934	74,608	3,005,599
Infrastructure, road network	26,796	58,826	--	85,622
Total accumulated depreciation	3,844,029	565,470	74,608	4,334,891
Total capital assets being depreciated, net	5,432,443	2,130,940	4,456	7,558,927
Governmental activities capital assets, net	$ 6,605,898	$5,256,858	$2,403,201	$ 9,459,555

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety and legal services	$ 33,325
County environment and education	3,348
Roads and transportation	489,644
Administrative services	39,153
Total depreciation expense - governmental activities	$ 565,470

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	$ 23,874
Special Revenue:		
Mental Health	Services	192,603
Total for governmental funds		$ 216,477
Agency:		
County Assessor	Collections	$ 378,744
Schools		6,749,284
Community Colleges		407,788
Corporations		3,719,155
Auto License and Use Tax		268,865
County Hospital		1,620,666
All Other		530,098
Total for agency funds		$ 13,674,600

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Compensated Absences
Balance beginning of year	$ 139,608
Decreases	(1,775)
Balance end of year	$ 137,833
Due within one year	$ 137,833

NOTE 8 - SHORT TERM DEBT

Valley Business Park
On March 5, 2007, the County issued $1,000,000 of an Urban Renewal Tax Increment Revenue Bond Anticipation Note for the purpose of acquiring certain real estate in connection with a project in the Valley Business Park Urban Renewal Area. The note bears interest at a rate of 6.5% and matures on September 1, 2007. The Valley Business Park Urban Renewal Area project is a joint economic development project of Audubon and Cass Counties, each participating 50%. The note and interest due in the amount of $1,033,923 was paid subsequent to year end with 50% being paid with funds received from Audubon County and 50% being paid with $500,000 of proceeds from debt issued by Cass County.

Amaizing Energy Atlantic, LLC
During the year ended June 30, 2007, the County entered into an agreement with Amaizing Energy Atlantic, LLC related to road, sewer and water infrastructure improvements for the construction of an ethanol plant. The infrastructure improvements are estimated to cost $3,100,000, and are intended to be financed with the issuance of a Tax Income Revenue Bond. Amaizing Energy Atlantic, LLC has agreed to provide funding up to $686,800 to finance the project until the Tax Income Revenue Bond is issued, at which time Amaizing Energy Atlantic, LLC will be reimbursed. As of June 30, 2007, Amaizing Energy Atlantic, LLC has advanced the County $309,862.

NOTE 9 - PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% (3.90% July 1, 2007) of their annual covered salary and the County is required to contribute 5.75% (6.05% July 1, 2007) of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were $182,977, $170,691, and $167,874, respectively, equal to the required contributions for each year.

NOTE 10 - RISK MANAGEMENT

Cass County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members from various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were $129,388.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured in an amount not to exceed $2,650,000 per claim and $5,000,000 in the aggregate per year. For members requiring specific coverage from $3,000,000 to $10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

NOTE 10 - RISK MANAGEMENT - continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $500,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of $4,000 for single coverage and $8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN - continued

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2007 was $701,195.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total $13,771, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2007, the County has accumulated funds in excess of actual claims paid of $235,281, which is reported as net assets of the Internal Service, Employee Group Health Fund.

NOTE 12 - COMMITMENTS

Construction

The County has entered into contracts totaling approximately $823,000 for bridge construction and roadway paving. As of June 30, 2007, costs of $288,021 on the projects have been incurred. The balance remaining on the projects at June 30, 2007 is $535,000 and will be paid as work on the projects progresses. These projects will be financed with farm to market funding from Iowa Department of Transportation, grants, and other local sources.

Cass County entered into an agreement with Amaizing Energy, LLC in conjunction with the Amaizing Energy Urban Renewal District Plan. The agreement is to provide for the construction or repair of public infrastructure and specific site improvements in connection with the urban renewal project. The total estimate for these infrastructure improvements is approximately $3,100,000. As of June 30, 2007, costs of $263,519 on the project have been incurred. The balance remaining on the plan at June 30, 2007 is approximately $2,837,000. It is intended that a Tax Income Revenue Bond will be issued to finance these improvements.

NOTE 13 - SUBSEQUENT EVENT

On September 11, 2007, the County issued $500,000 of General Obligation Economic Development Bonds for Economic Development. The bonds are general obligations of the County. The bonds mature in annual installments starting June 1, 2008 through June 1, 2022 at an interest rate of 6.25%.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass County

Budgetary Comparison Schedule of Receipts, Disbursements and
Changes in Balances - Budget and Actual (Cash Basis)
All Governmental Funds
Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	$ 4,682,302	$ --	$ 4,682,302
Interest and penalty on property tax	50,222	--	50,222
Intergovernmental	4,343,796	--	4,343,796
Licenses and permits	11,864	--	11,864
Charges for service	310,895	--	310,895
Use of money and property	362,199	--	362,199
Miscellaneous	599,377	--	599,377
Total receipts	10,360,655	--	10,360,655
Disbursements:			
Public safety and legal services	1,724,390	--	1,724,390
Physical health and social services	370,247	--	370,247
Mental health	2,120,460	--	2,120,460
County environment and education	353,501	--	353,501
Roads and transportation	3,426,364	--	3,426,364
Governmental services to residents	338,090	--	338,090
Administrative services	911,151	--	911,151
Non-program	31,872	--	31,872
Capital projects	2,135,500	--	2,135,500
Total disbursements	11,411,575	--	11,411,575
Excess (deficiency) of receipts over (under) disbursements	(1,050,920)	--	(1,050,920)
Other financing sources, net	1,316,422	--	1,316,422
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	265,502	--	265,502
Balance beginning of year	2,898,879	--	2,898,879
Balance end of year	$ 3,164,381	$ --	$ 3,164,381

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance - Positive
Original	Final	(Negative)
$ 4,847,771	$ 4,847,771	$(165,469)
30,600	30,600	19,622
4,767,931	4,473,931	(130,135)
10,770	10,770	1,094
346,370	346,370	(35,475)
185,681	1,835,681	(1,473,482)
475,074	475,074	124,303
10,664,197	12,020,197	(1,659,542)
1,987,679	1,987,679	263,289
493,179	503,179	132,932
2,012,054	2,122,054	1,594
597,532	607,532	254,031
3,737,600	3,737,600	311,236
383,286	387,486	49,396
1,061,001	1,061,001	149,850
132,000	132,000	100,128
2,112,823	3,348,823	1,213,323
12,517,154	13,887,354	2,475,779
(1,852,957)	(1,867,157)	816,237
--	--	1,316,422
(1,852,957)	(1,867,157)	2,132,659
2,770,360	2,873,618	25,261
$ 917,403	$ 1,006,461	$ 2,157,920

Cass County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 10,350,258	$ 47,927	$ 10,398,185
Expenditures	11,411,575	49,102	11,460,677
Net	(1,061,317)	(1,175)	(1,062,492)
Other financing sources, net	1,326,819	--	1,326,819
Beginning fund balances	2,898,879	107,890	3,006,769
Increase (decrease) in reserve for: Inventories	--	(19,146)	(19,146)
Ending fund balances	$ 3,164,381	$ 87,569	$ 3,251,950

See accompanying independent auditor's report.

Cass County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $1,370,200. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

OTHER SUPPLEMENTARY INFORMATION

Cass County

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2007

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Local Option Tax
Assets				
Cash and pooled investments	$ 8,561	$ 132	$ 11,156	$ 149,039
Due from other governments	--	--	--	40,615
Total assets	$ 8,561	$ 132	$ 11,156	$ 189,654
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ --	$ --	$ 2,850	$ --
Salaries and benefits payable	--	--	--	--
Total liabilities	--	--	2,850	--
Fund balances:				
Reserved for drainage warrants/ drainage improvement certificates	--	--	--	--
Unreserved	8,561	132	8,306	189,654
Total fund balance	8,561	132	8,306	189,654
Total liabilities and fund balance	$ 8,561	$ 132	$ 11,156	$ 189,654

See accompanying independent auditor's report.

Special Revenue				Capital Projects		
Resource Enhancement and Protection	Sheriff Investigation	Flood and Erosion	Drainage Districts	General	Amaizing Energy Atlantic	Total
$ 26,834	$ 269,468	$ 128,353	$ 9,557	$ 240,677	$ 46,343	$ 890,120
5,572	--	--	--	--	--	46,187
$ 32,406	$ 269,468	$ 128,353	$ 9,557	$ 240,677	$ 46,343	$ 936,307
$ 5,218	$ 822	$ 1,452	$ --	$ 3,756	$ --	$ 14,098
--	--	60	--	--	--	60
5,218	822	1,512	--	3,756	--	14,158
--	--	--	9,557	--	--	9,557
27,188	268,646	126,841	--	236,921	46,343	912,592
27,188	268,646	126,841	9,557	236,921	46,343	922,149
$ 32,406	$ 269,468	$ 128,353	$ 9,557	$ 240,677	$ 46,343	$ 936,307

Cass County

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2007

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Local Option Tax
Revenues:				
Property and other county tax	$ --	$ --	$ --	$ 573,870
Intergovernmental	--	--	--	--
Charges for service	2,499	--	--	--
Use of money and property	70	85	--	16,900
Miscellaneous	--	--	5,153	--
Total revenues	2,569	85	5,153	590,770
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
County environment and education	--	--	--	--
Capital projects	--	--	10,530	69,029
Total expenditures	--	--	10,530	69,029
Excess (deficiency) of revenues over (under) expenditures	2,569	85	(5,377)	521,741
Other financing sources (uses):				
Sale of capital assets	--	--	--	--
Proceeds from issuance of debt	--	--	--	--
Amaizing Energy advance	--	--	--	--
Operating transfers out	--	--	--	(431,124)
Total other financing sources (uses)	--	--	--	(431,124)
Net change in fund balances	2,569	85	(5,377)	90,617
Fund balances beginning of year	5,992	47	13,683	99,037
Fund balances end of year	$ 8,561	$ 132	$ 8,306	$ 189,654

See accompanying independent auditor's report.

Special Revenue				Capital Projects			
Resource Enhancement and Protection	Sheriff Investigation	Flood and Erosion	Drainage Districts	General	Valley Business Park	Amaizing Energy Atlantic	Total
$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 573,870
19,239	--	7,655	--	--	--	--	26,894
--	--	--	--	--	--	--	2,499
1,191	272	--	--	60,000	--	--	78,518
--	288,447	--	--	--	--	--	293,600
20,430	288,719	7,655	--	60,000	--	--	975,381
--	282,123	--	--	--	--	--	282,123
14,537	--	40,258	--	--	--	--	54,795
--	--	--	--	64,809	1,000,000	263,519	1,407,887
14,537	282,123	40,258	--	64,809	1,000,000	263,519	1,744,805
5,893	6,596	(32,603)	--	(4,809)	(1,000,000)	(263,519)	(769,424)
--	12,257	--	--	--	--	--	12,257
--	--	--	--	--	1,000,000	--	1,000,000
--	--	--	--	--	--	309,862	309,862
--	--	--	--	--	--	--	(431,124)
--	12,257	--	--	--	1,000,000	309,862	890,995
5,893	18,853	(32,603)	--	(4,809)	--	46,343	121,571
21,295	249,793	159,444	9,557	241,730	--	--	800,578
$ 27,188	$ 268,646	$ 126,841	$ 9,557	$ 236,921	$ --	$ 46,343	$ 922,149

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor
Assets			
Cash and pooled investments:			
County Treasurer	$ --	$ 2,776	$ 61,577
Other County officials	9,167	--	--
Receivables:			
Property tax:			
Delinquent	--	642	1,486
Succeeding year	--	132,000	316,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	7,328
Total assets	$ 9,167	$ 135,418	$ 386,391
Liabilities			
Liabilities:			
Accounts payable	$ --	$ --	$ 319
Salaries and benefits payable	--	--	--
Due to other funds	1,831	--	--
Due to other governments	227	135,418	378,744
Trusts payable	7,109	--	--
Compensated absences	--	--	7,328
Total liabilities	$ 9,167	$ 135,418	$ 386,391

(continued next page)

Multi-County Child Support	Emergency Management Services	City Special Assessments	Schools	Community Colleges	Corporations
$(887)	$ 34,854	$ 1,488	$ 139,154	$ 6,329	$ 43,317
--	--	--	--	--	--
--	--	--	32,130	1,459	10,838
--	--	--	6,578,000	400,000	3,665,000
--	368	--	--	--	--
--	--	--	--	--	--
61,259	1,529	--	--	--	--
$ 60,372	$ 36,751	$ 1,488	$6,749,284	$ 407,788	$ 3,719,155
$ --	$ 340	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
46,949	34,882	1,488	6,749,284	407,788	3,719,155
--	--	--	--	--	--
13,423	1,529	--	--	--	--
$ 60,372	$ 36,751	$ 1,488	$6,749,284	$ 407,788	$ 3,719,155

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2007

	Townships	Environmental Control Agency	Brucellosis and Tuberculosis Eradication
Assets			
Cash and pooled investments:			
County Treasurer	$ 2,992	$ --	$ --
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	638	--	9
Succeeding year	144,000	--	2,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	41,346	--
Total assets	$ 147,630	$ 41,346	$ 2,009
Liabilities			
Liabilities:			
Accounts payable	$ --	$ 30,642	$ --
Salaries and benefits payable	--	2,008	--
Due to other funds	--	--	--
Due to other governments	147,630	--	2,009
Trusts payable	--	--	--
Compensated absences	--	8,696	--
Total liabilities	$ 147,630	$ 41,346	$ 2,009

(continued next page)

Auto License and Use Tax	Advance Tax	County Hospital	Public Safety	County Recorder's Electronic Fee	E911 Operating
$ 279,935	$ 44,642	$ 32,230	$(1,090)	$ 465	$ --
--	--	--	--	--	--
--	--	7,436	--	--	--
--	--	1,581,000	--	--	--
--	--	--	--	--	--
--	--	--	19,684	--	--
--	--	--	19,168	--	5,115
$ 279,935	$ 44,642	$ 1,620,666	$ 37,762	$ 465	$ 5,115
$ --	$ --	$ --	$ 198	$ --	$ 5,115
--	--	--	13,206	--	--
11,070	--	--	--	--	--
268,865	44,642	1,620,666	20,482	465	--
--	--	--	--	--	--
--	--	--	3,876	--	--
$ 279,935	$ 44,642	$ 1,620,666	$ 37,762	$ 465	$ 5,115

Cass County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2007

	E911 Surcharge	Cass-Audubon Economic Development	Environmental Planning Trust
Assets			
Cash and pooled investments:			
County Treasurer	$ 24,829	$ --	$ 10,980
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	22,097	--	--
Due from other funds	--	--	--
Due from other governments	7,625	15,000	--
Total assets	$ 54,551	$ 15,000	$ 10,980
Liabilities			
Liabilities:			
Accounts payable	$ --	$ --	$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	54,551	15,000	10,980
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	$ 54,551	$ 15,000	$ 10,980

See accompanying independent auditor's report.

Environmental Recycling Trust	Tax Sale Redemption	Total
$ 15,375	$ --	$ 698,966
--	--	9,167
--	--	54,638
--	--	12,818,000
--	--	22,465
--	--	19,684
--	--	158,370
$ 15,375	$ --	$ 13,781,290
$ --	$ --	$ 36,614
--	--	15,214
--	--	12,901
15,375	--	13,674,600
--	--	7,109
--	--	34,852
$ 15,375	$ --	$ 13,781,290

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor
Assets and Liabilities			
Balance beginning of year	$ 31,605	$ 133,048	$ 367,676
Additions:			
Property and other County tax	--	128,672	309,503
E911 surcharge	--	--	--
State tax credits	--	8,237	19,089
Office fees and collections	330,921	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	191,016	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	--	844
Total additions	521,937	136,909	329,436
Deductions:			
Agency Remittances:			
To other funds	172,421	--	--
To other governments	177,951	134,539	310,721
Trusts paid out	194,003	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	544,375	134,539	310,721
Balance end of year	$ 9,167	$ 135,418	$ 386,391

(continued next page)

Multi-County Child Support	Emergency Management Services	City Special Assessments	Schools	Community Colleges	Corporations
$ 60,079	$ 45,576	$ 3,305	$6,652,923	$ 302,993	$ 3,501,595
--	--	--	6,428,570	393,825	3,532,904
--	--	--	--	--	--
--	--	--	410,935	18,787	220,280
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	12,924	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
285,023	49,710	--	--	--	--
285,023	49,710	12,924	6,839,505	412,612	3,753,184
--	--	--	--	--	--
--	58,535	14,741	6,743,144	307,817	3,535,624
284,730	--	--	--	--	--
--	--	--	--	--	--
284,730	58,535	14,741	6,743,144	307,817	3,535,624
$ 60,372	$ 36,751	$ 1,488	$6,749,284	$ 407,788	$ 3,719,155

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2007

	Townships	Environmental Control Agency	Brucellosis and Tuberculosis Eradication
Assets and Liabilities			
Balance beginning of year	$ 128,408	$ 26,256	$ 2,055
Additions:			
Property and other County tax	144,866	--	3,626
E911 surcharge	--	--	--
State tax credits	7,814	--	117
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	704,920	--
Total additions	152,680	704,920	3,743
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	133,458	689,830	3,789
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	133,458	689,830	3,789
Balance end of year	$ 147,630	$ 41,346	$ 2,009

(continued next page)

Auto License and Use Tax	Advance Tax	County Hospital	Public Safety	County Recorder's Electronic Fee
$ 271,386	$ 65,039	$ 1,540,010	$ 29,524	$ 351
--	--	1,547,282	--	--
--	--	--	--	--
--	--	95,644	--	--
--	--	--	--	--
3,315,091	--	--	--	--
40,718	--	--	--	--
--	--	--	--	2,499
--	--	--	--	--
--	--	--	--	--
--	35,574	--	--	--
--	--	--	--	--
142	--	--	228,716	--
3,355,951	35,574	1,642,926	228,716	2,499
--	--	--	--	--
3,347,402	55,971	1,562,270	220,478	2,385
--	--	--	--	--
--	--	--	--	--
3,347,402	55,971	1,562,270	220,478	2,385
$ 279,935	$ 44,642	$ 1,620,666	$ 37,762	$ 465

Cass County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2007

	E911 Operating	E911 Surcharge	Cass-Audubon Economic Development
Assets and Liabilities			
Balance beginning of year	$ 434	$ 30,685	$ --
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	150,782	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	127,394	--	--
Miscellaneous	375	478	15,000
Total additions	127,769	151,260	15,000
Deductions:			
Agency Remittances:			
To other funds	123,088	--	--
To other governments	--	--	--
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	127,394	--
Total deductions	123,088	127,394	--
Balance end of year	$ 5,115	$ 54,551	$ 15,000

See accompanying independent auditor's report.

Environmental Planning Trust	Environmental Recycling Trust	Tax Sale Redemption	Total
$ 7,434	$ 10,325	$ --	$ 13,210,707
--	--	--	12,489,248
--	--	--	150,782
--	--	--	780,903
--	--	--	330,921
--	--	--	3,315,091
--	--	--	40,718
--	--	--	2,499
--	--	--	12,924
--	--	110,792	301,808
--	--	--	35,574
--	--	--	127,394
3,546	6,738	--	1,295,492
3,546	6,738	110,792	18,883,354
--	--	--	295,509
--	1,688	--	17,300,343
--	--	110,792	589,525
--	--	--	127,394
--	1,688	110,792	18,312,771
$ 10,980	$ 15,375	$ --	$ 13,781,290

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Property and other County tax	$ 4,678,010	$ 4,321,827	$ 4,276,692	$ 3,954,555
Interest and penalty on property tax	50,066	35,853	46,776	39,140
Intergovernmental	4,504,374	4,062,946	4,053,344	4,383,691
Licenses and permits	11,624	12,654	10,012	9,538
Charges for service	311,806	336,859	349,344	534,903
Use of money and property	304,575	279,717	175,927	150,236
Miscellaneous	537,730	661,879	282,682	127,181
Total	$ 10,398,185	$ 9,711,735	$ 9,194,777	$ 9,199,244
Expenditures:				
Operating:				
Public safety and legal services	$ 1,725,161	$ 1,611,122	$ 1,382,309	$ 1,410,230
Physical health and social services	385,611	386,747	395,282	368,196
Mental health	2,147,822	1,941,999	1,795,418	1,699,740
County environment and education	360,300	307,792	311,758	284,495
Roads and transportation	3,412,537	3,481,258	3,400,642	3,464,007
Governmental services to residents	337,930	462,230	334,862	303,884
Administration	923,555	971,115	846,822	791,378
Non-program	29,592	117,090	188,489	390,178
Capital projects	2,138,169	532,209	404,139	721,146
Total	$ 11,460,677	$ 9,811,562	$ 9,059,721	$ 9,433,254

See accompanying independent auditor's report.

Schedule 6

Cass County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Social Services Block Grant	93.667		$ 69,898
Human Services Administrative Reimbursements:			
Other Federal Financial Assistance	Various		45,057
			114,955
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO15(44)-8J-15	230,416
Highway Planning and Construction	20.205	BROS-CO15(40)-8J-15	103,032
			333,448
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Emergency Management Performance Grant	97.042		7,523
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004	MOU-2006-HLSEM-011	58,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1705	117,154
			182,677
Total			$ 631,080

Basis of Presentation -The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's 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 Officials of Cass County

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated January 31, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Cass County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Cass County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cass 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.

A control deficiency exists when the design or operation of the 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 Cass County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Cass County's financial statements that is more than inconsequential will not be prevented or detected by Cass County's internal control.

To the Officials of Cass County

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass 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, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cass County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Cass County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cass County and other parties to whom Cass County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Grosewald, Bell, Kyhm & Co. P.C.

Atlantic, Iowa
January 31, 2008

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133

To the Officials of Cass County

Compliance

We have audited the compliance of Cass County 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 its major federal program for the year ended June 30, 2007. Cass County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Cass County's management. Our responsibility is to express an opinion on Cass County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 non-compliance 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 Cass County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cass County's compliance with those requirements.

In our opinion, Cass County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

To the Officials of Cass County

Internal Control Over Compliance

The management of Cass County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Cass 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 Cass County's internal control over compliance.

A control deficiency in the County'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 non-compliance 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 County's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the County'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, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cass County and other parties to whom Cass County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Grawehl, Bell, Kyhn & Co. P.C.

Atlantic, Iowa
January 31, 2008

Cass County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

(a) Unqualified opinions were issued on the financial statements.

(b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was as follows:

- CFDA Number 20.205 - Highway Planning and Construction

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Cass County did not qualify as a low-risk auditee.

Cass County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements

No findings noted for the year ended June 30, 2007.

Part III: Findings and Questioned Costs for Federal Awards

No findings noted for the year ended June 30, 2007.

Part IV: Other Findings Related to Required Statutory Reporting

07-IV-A Certified Budget: Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.

07-IV-B Questionable Expenditures: No expenditures were noted that meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

07-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

07-IV-D Business Transactions: The following business transactions between the County and County officials were noted:

Name, Title and Business Connection	Transaction Description	Amount
Joyce Jensen, Recorder, Stockholder in Robinson Hardware	Supplies	$ 2,718

The transactions with the Recorder may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions exceed $1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation: The County should consult legal counsel to determine the disposition of this matter.

Response: All purchases from Robinson Hardware were made by departments other than that of the Recorder, except for $148, with no single purchase greater than $1,000. This is not considered to be a conflict.

Conclusion: Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting - Continued

07-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

07-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

07-IV-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

07-IV-H Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

07-IV-I County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

Chapter 176A.8(16) of the Code of Iowa allows the County Extension Office to carry an operating fund balance into the next fiscal year in an amount not exceeding 50% of the current year expenditures. At June 30, 2007, the operating fund balance exceeded this limit.

Recommendation: The excess funds should be remitted to the County General Fund.

Response: The Cass County Extension Council discovered it exceeded 50% of current year disbursements and remitted $1,773.39 to the Cass County Treasurer in July of 2007.

Conclusion: Response accepted.

* * *