CACHE VALLEY TRANSIT DISTRICT

FINANCIAL STATEMENTS

December 31, 2005

CACHE VALLEY TRANSIT DISTRICT
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December 31, 2005

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Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Cache Valley Transit District
Logan, UT

We have audited the accompanying financial statements of the governmental activities of the Cache Valley Transit District (the District) as of and for the year ended December 31, 2005, which comprises the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2006, on our consideration of the District's internal control over financial reporting and on 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.

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Management's discussion and analysis on pages 4 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

JONES SIMKINS, P.C.
June 1, 2006

CACHE VALLEY TRANSIT DISTRICT
Management's Discussion and Analysis
December 31, 2005

As management of the Cache Valley Transit District, we offer readers of the Cache Valley Transit District's financial statement this narrative overview and analysis of the financial activities on the Cache Valley Transit District for the fiscal year ended December 31, 2005.

Financial Highlights

The revenues of the Cache Valley Transit District exceeded its expenditures at the close of the most recent fiscal year by $59,203 (change in net assets). This can be attributed to the decision not to purchase two expansion vehicles that were budgeted.

The Cache Valley Transit District contracts out all management and operations to the City of Logan Transit Department known as "Logan Transit District"

Operations for 2005 went as planned and nothing out of the ordinary was experienced.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Cache Valley Transit District's basic financial statements. The Cache Valley Transit District's government-wide financial statements are combined with the fund financial statements in one form. Currently, there are no significant differences between the government-wide financial statements and the fund financial statements.

Government-wide Financial Statements

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

The statement of net assets presents information on all of the Cache Valley Transit District's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Cache Valley Transit District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses could be reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

CACHE VALLEY TRANSIT DISTRICT
Management's Discussion and Analysis
December 31, 2005

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide an adjustment column to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Cache Valley Transit District, assets exceeded liabilities by $661,862 at the close of the most recent fiscal year.

Cache Valley Transit District's Net Assets

	2005	2004
Total assets	$ 707,764	714,541
Total liabilities	45,902	111,882
Total net assets	$ 661,862	602,659

Cache Valley Transit District's Changes in Net Assets

	2005	2004
Revenues:		
Sales tax	$ 897,670	830,313
Other revenue	19,284	8,213
Total revenue	916,954	838,526
Expenses:		
Operating expenses	855,865	787,559
Loss on sale of asset	1,886	-
Total expenses	855,865	787,559
Increase in net assets	59,203	50,967
Net assets, January 1	602,659	551,692
Net assets, December 31	$ 661,862	602,659

CACHE VALLEY TRANSIT DISTRICT
Management's Discussion and Analysis
December 31, 2003

Sales tax revenue for 2005 increased by 8.11% or $67,357 over 2004 Sales Tax revenue due to general growth. Expenditures for 2005 increased by 4.9% or $39,828 over 2004 expenditures. The expenditure increases were due to a rate adjustment paid to Laidlaw Transit Services for an increase in the wage for hourly personnel and the addition of a staff position.

General Fund Budgetary Highlights

There were few significant variances from the budget this fiscal year. The first was a positive variance in vehicle maintenance due to good management and warranty recovery. The second variance was an increase in professional and technical services due to an increase in the rate paid to Laidlaw Transit Services to fund a wage increase to hourly employees and the addition of a staff position. The increased fee to Laidlaw was also due to the addition of Route 11 in May of 2005. The third variance related to the decision not to purchase two expansion buses and resulted in a positive variance.

Capital Asset and Debt Administration

All equipment purchased with Federal Transit Administration funds will be on behalf of the Cache Valley Transit District by the Logan Transit District. The Cache Valley Transit District pays the local match for the purchase.

There is no long-term debt.

Economic Factors and Next Year's Budgets and Rates

Sales tax for the Cache Valley Transit District has experienced a monthly increase of 12 percent since January 2005. Growth in commercial and retail development continues to be strong.

Requests for information

This financial report is designed to provide a general overview of the Cache Valley Transit District's finances for all those with an interest in the government's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to Todd Beutler, Transit Manager, 754 West 600 North, Logan, Utah 84321.

Basic Financial Statements

CACHE VALLEY TRANSIT DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS
December 31, 2005

		General Fund	Adjustments (Note 2)	Statement of Net Assets
Assets				
Cash and cash equivalents	$	529,765	-	529,765
Due from other governments		177,999	-	177,999
Capital assets, net of accumulated depreciation		-	-	-
Total assets	$	707,764	-	707,764
Liabilities				
Due to other governments	$	45,902	-	45,902
Total liabilities		45,902	-	45,902
Fund Balances/Net Assets				
Fund balance:				
Unreserved		661,862	-	661,862
Total fund balances		661,862	-	661,862
Total liabilities and fund balances	$	707,764		
Net assets:				
Investment in capital assets, net of related debt			-	-
Unrestricted			661,862	661,862
Total net balances	$		661,862	661,862

The accompanying notes are an integral part of these financial statements.

CACHE VALLEY TRANSIT DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
Year Ended December 31, 2005

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues:			
Taxes	$ 897,670	-	897,670
Interest	19,284	-	19,284
Total revenues	916,954	-	916,954
Expenditures/expenses:			
Current:			
Personnel services	39,713	-	39,713
Travel and training	2,727	-	2,727
Equipment maintenance	220,317	-	220,317
Supplies and miscellaneous	12,604	-	12,604
Insurance	15,911	-	15,911
Heat, power, and water	17,898	-	17,898
Professional and technical services	541,949	-	541,949
Depreciation	-	4,746	4,746
Total expenditures/expenses	851,119	4,746	855,865
Excess of revenues over expenditures	65,835	(4,746)	61,089
Other financing sources:			
Proceeds (loss) on sale of fixed assets	17,100	(18,986)	(1,886)
Change in net assets	82,935	(23,732)	59,203
Fund balances/net assets:			
Beginning of the year	578,927	23,732	602,659
End of the year	$ 661,862	-	661,862

The accompanying notes are an integral part of these financial statements.

CACHE VALLEY TRANSIT DISTRICT
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 939,905	939,905	897,670	(42,235)
Interest	16,357	16,357	19,284	2,927
Total revenues	956,262	956,262	916,954	(39,308)
Expenditures:				
Personnel services	50,764	50,764	39,713	11,051
Travel and training	3,216	3,216	2,727	489
Equipment maintenance	302,260	302,260	220,317	81,943
Supplies and miscellaneous	13,881	13,881	12,604	1,277
Insurance	17,000	17,000	15,911	1,089
Heat, power, and water	25,939	25,939	17,898	8,041
Professional and technical services	419,887	419,887	541,949	(122,062)
Equipment and Logan Transit District assessments	112,000	112,000	-	112,000
Total expenditures	944,947	944,947	851,119	93,828
Excess of revenues over expenditures	$ 11,315	11,315	65,835	54,520
Other financing sources:				
Proceeds from sale of fixed assets	-	-	17,100	17,100
Change in fund balance	11,315	11,315	82,935	71,620
Fund balance - beginning of year			578,927	
Fund balance - end of year	$		661,862	

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Cache Valley Transit District (the District) was incorporated on November 21, 2000, under authority of Section 17B-2-215 of the Utah Code Annotated, as amended, for the purpose of providing a public mass transportation system for Cache Valley communities. The voters of the serviced communities authorized the collection of sales tax for transit purposes to begin in April 2001. The District's transit operations started in August 2001.

The District operates in Hyde Park, Hyrum, Millville, Nibley, North Logan, Providence, Richmond, River Heights, and Smithfield. The District's operations include bus service and paratransit service for the transit disabled.

The District is governed by a nine member Board of Trustees, which is the legislative body of the District and determines all questions of District policy. Each municipality participating in the District appoints a member to the Board of Trustees. The District is not considered to be controlled or fiscally dependent on any other entity and therefore is not a component unit of another entity. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective government board.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District. These statements have been combined with the fund financial statements because the District is a single-purpose government with minimal adjustments between the fund financial statements and the government-wide financial statements. The District's single purpose is classified as a governmental activity. Governmental activities are usually financed through taxes, intergovernmental revenues and other non-exchange revenues.

The District's net assets are reported in two parts: invested in capital assets, net of related debt; and unrestricted net assets. The District currently has no restricted net assets.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Additionally, long-term assets and long-term liabilities are recognized in the Statement of Net Assets.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenue considered to be susceptible to accrual is sales tax. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due. The District currently has no long-term debt.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled. The District currently only uses a general fund.

As described in Note 5, the District reimburses the Logan Transit District (LTD) for all expenditures incurred. The District categorizes and reports the expenditures based on the type of expenditure rather than showing all expenditures as professional and technical services.

Sales Tax Revenues

As approved by the voters in serviced communities, a one-quarter of one percent sales tax is collected in these communities to provide the District with operating revenues for mass transit purposes. Sales tax revenues are accrued for the month in which the sales take place.

Cash and Cash Equivalents

Cash equivalents include amounts invested in the Utah Public Treasurers' Investment Fund.

Due From Other Governments

Due from other governments consists of amounts due to the District from sales tax collections and cash from Logan City. Management does not believe any credit risk exists related to these receivables.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Equipment	5 years

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage, and destruction of assets; environmental matters; damage to property and injuries to passengers and other individuals resulting from accidents and errors and omissions.

Under the Utah Governmental Immunity Act, the maximum statutory liability in any one accident is limited to $1,000,000. The District has purchased third-party insurance to reduce the potential of loss due to accident or error. There has been no significant reduction in insurance coverage or settlements in excess of insurance coverage.

Budgets and Budgetary Accounting

The District's budgetary process follows Section 17A-1, Part 5, of the Utah Code Annotated, as amended. The District's annual budget is approved by the Board of Trustees as provided for by law. Operating and non-operating revenues and expenditures are budgeted on the modified accrual basis. The District adopts its annual budget in December of the preceding fiscal year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and government-wide statement of net assets

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund balance sheet. Capital assets are however, reported in the government-wide statement of net assets

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Note 3 - Cash and Cash Equivalents

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

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

At December 31, 2005, the District's deposits and investments consisted of the following:

Financial Statement Description		Deposits	Investments	Cash	Total
Cash and cash equivalents:					
Public Treasurer's Investment Pool	$	-	529,765	-	529,765
Total cash and cash equivalents	$	-	529,765	-	529,765

Note 3 - Deposits and Investments (continued)

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not maintain a bank account. The City of Logan handles all disbursements of cash through their own bank account and receives reimbursements of funds through transfers from the District's PTIF account.

Investments

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

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionately in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Note 3 - Deposits and Investments (continued)

As of December 31, 2005, all investments held by the District are in the PTIF, which has a maturity of less than 1 year.

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the State's Money Management Act as previously discussed. At December 31, 2005, all investments held by the District are in the PTIF which is unrated.

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy for custodial risk is to use the PTIF whenever possible. As of December 31, 2005, all of the District's investments were in the PTIF.

Note 4 – Capital Assets

A summary of changes in capital assets follows:

	Balance 1/1/05	Additions	Deletions	Balance 12/31/05
Capital assets being depreciated	$ 28,478	-	(28,478)	-
Accumulated depreciation	(4,746)	(4,746)	9,492	-
Capital assets, net	$ 23,732	(4,746)	(18,986)	-

Depreciation expense for the year ended December 31, 2005 was $4,746.

Note 5 - Agreements and Transactions with the Logan Transit District

The District entered into a cost sharing agreement with the LTD, which is a special revenue fund of the City of Logan. The agreement, which is renewable annually on July 1st, outlines costs that will be shared and costs that will be specifically allocated in full to each entity. Shared costs are allocated to each entity based on their proportionate share of service hours. The District's share of these expenses was 31% for the year. The agreement also requires the District to pay the local match for all equipment purchased with Federal Transit Administration funds. The title to all equipment remains with LTD for the useful life of the equipment.

The District also reimburses LTD for personnel services, accounting services, and other operational expenses. As a matter of convenience, the District places amounts on deposit with LTD to provide funding for reimbursable expenditures. Amounts owed to LTD are presented net of the amount on deposit. At December 31, 2005, the District owed LTD $45,902 for reimbursable expenditures.

Government Auditing Standards Report

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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 Board of Trustees
Cache Valley Transit District
Logan, UT

We have audited the financial statements of the governmental activities and each major fund of Cache Valley Transit District (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information and use of management, others within the organization, the Board of Trustees, and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
June 1, 2006

State Compliance Report

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LEGAL COMPLIANCE REQUIREMENTS

To the Board of Trustees
Cache Valley Transit District
Logan, UT

We have audited the financial statements of the governmental activities and each major fund of the Cache Valley Transit District (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 1, 2006. Our audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

Public Debt
Cash Management
Purchasing Requirements
Special Districts
Other General Issues

The District did not receive any major or nonmajor State grants during the year ended December 31, 2005.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Member of the American Institute of Certified Public Accountants

The results of our audit disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

JONES SIMKINS, P.C.
June 1, 2006