

SWEETWATER COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2012

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1 and 2
--	---------

MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 10
--------------------------------------	--------

BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of net assets	11
Statement of activities	12
Governmental Fund Financial Statements:	
Balance sheet	13
Reconciliation of the governmental funds balance sheet to the statement of net assets	14
Statement of revenues, expenditures and changes in fund balances	15
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	16
Proprietary Fund Financial Statements:	
Statement of fund net assets	17
Statement of revenues, expenses, and changes in fund net assets	18
Statement of cash flows	19
Fiduciary Fund Financial Statement:	
Statement of fiduciary net assets	20
Discretely Presented Governmental Type Component Units:	
Statement of net assets	21
Statement of activities	22
Notes to Financial Statements	23 - 51
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	52
Note to Required Supplementary Information	53
Schedule of Funding Progress	54
SUPPLEMENTARY INFORMATION	
Combining Statements:	
Nonmajor Governmental Funds:	
Combining balance sheet	55
Combining statement of revenues, expenditures, and changes in fund balances	56
Discretely Presented Governmental Type Component Units:	
Combining statement of net assets - nonmajor	57
Combining statement of activities - nonmajor	58
Combining balance sheet – fund basis	59
Reconciliation of the governmental type component units balance sheet to the statement of net assets	60
Combining statement of revenues, expenditures, and changes in fund balances – fund basis	61
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental type component units to the statement of activities	62
Schedule of Expenditures of Federal Awards	63 and 64
Note to Schedule of Expenditures of Federal Awards	65

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	66 and 67
---	-----------

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	68 and 69
--	-----------

Schedule of Findings and Questioned Costs	70 - 74
Summary Schedule of Prior Federal Audit Findings	75

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Board of County Commissioners
Sweetwater County, Wyoming
Green River, Wyoming

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sweetwater County, Wyoming (County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Memorial Hospital of Sweetwater County (Hospital) which is presented as a major component unit of the County and whose assets totaled \$104,752,801 and whose revenues totaled \$57,314,833 in the accompanying basic financial statements. The financial statements of the Hospital were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 52 and 53, and the schedule of funding progress on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining statements of nonmajor funds and discretely presented component units are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McGee, Hearne & Paig, LLP

Cheyenne, Wyoming
January 29, 2013

SWEETWATER COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following is a discussion and analysis of Sweetwater County's performance and activities for the year ended June 30, 2012. When read in conjunction with the financial statements, this section's financial highlights, overview and analysis should assist the reader in gaining a more complete knowledge of the County's financial performance.

FINANCIAL HIGHLIGHTS

- For the primary government, the County's assets exceeded its liabilities at the close of the fiscal year by \$104,110,387 (*net assets*). Of this amount, \$30,166,522 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. For the entire government (including component units) net assets were \$198,598,585 and unrestricted net assets were \$71,933,226. Note that with the current financial reporting model, the total net assets figure includes capital assets net of accumulated depreciation.
- At the close of the year, the County's governmental funds reported combined ending fund balances of \$35,476,390, an increase of \$7,990,450 from the prior year, as restated. Of this amount, \$16,131,047 is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of the year, the unassigned fund balance for the general fund was \$16,131,047 or 38% of total general fund expenditures.
- Total debt (capital leases) for the primary government decreased by \$649,330 during the year. During the year, the County made payments on existing capital leases of \$649,330 and no new capital lease agreements were entered into. Capital leases payable as of June 30, 2012 were \$527,223.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to Sweetwater County's basic financial statements. Under the current reporting model, the basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business reporting. These statements include the County as well as the component units of Sweetwater County (*Memorial Hospital of Sweetwater County, Sweetwater County Fair Board, Southwest Counseling, Sweetwater County Library System, Sweetwater County Museum, Sweetwater County Recreation Board and the Sweetwater County Board of Health*).

The *statement of net assets*, a component of the government-wide financial statements, presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. The County's capital assets (land, buildings, equipment and infrastructure) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial

factors should be considered such as the County's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The *statement of activities* presents revenue and expense information showing how the County's net assets changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, tax revenues are reported when the taxes are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until some time later.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by intergovernmental revenues and property taxes (*governmental activities*) from other functions designed to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the County include: general government, public safety, road and bridge, health, recreation and welfare and conservation of natural resources. Business-type activities include the Memorial Hospital of Sweetwater County.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts (revenues, expenditures, assets and liabilities) that is used to control resources that have been segregated for specific activities. Sweetwater County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the County can be divided into three categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliations are provided on pages 14 and 16 of this report.

The General Fund is the primary operating governmental fund of the County. Four other governmental funds are reported. A summary of the four other funds (nonmajor funds) is combined into one "Nonmajor Governmental Funds" column. To demonstrate legal compliance, a statement comparing budget-to actual numbers for the General Fund is included in the required supplementary information.

Proprietary Funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally. The County uses an internal service fund to account for its self-insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The County does not maintain an enterprise fund.

Fiduciary Funds. Fiduciary funds are used to account for resources held on behalf of outside parties, including other governments. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 23 of this report.

Required supplementary information. The required supplementary information includes budgetary comparison information for the General Fund and notes thereto, as well as the schedule of funding progress, starting on page 52.

Other information. Combining and individual fund statements and schedules can be found starting on page 55 of this report.

Government-Wide Financial Analysis

Net Assets: As stated earlier, an analysis of net assets is probably the most important financial measurement to assist with understanding the financial position of the County, and whether the financial position improves or deteriorates each year. The following table presents summary information from the Statement of Net Assets in the Basic Financial Statements.

Summary of Net Assets

(In Millions)

	2012			2011		
	Primary Government	Component Units		Primary Government	Component Units	
	Governmental Activities	Governmental Activities	Business-type Activities	Governmental Activities	Governmental Activities	Business-type Activities
Current and other assets	\$ 74.91	\$ 15.09	\$ 41.91	\$ 62.19	\$ 14.07	\$ 39.99
Capital assets	66.72	15.26	62.84	67.36	12.56	61.50
Total assets	141.63	30.35	104.75	129.55	26.63	101.49
Current liabilities	36.25	9.11	6.33	31.15	8.40	5.69
Non-current liabilities	1.27	0.32	24.85	1.61	0.32	25.54
Total liabilities	37.52	9.43	31.18	32.76	8.72	31.23
Net assets:						
Investment in capital assets, net of related debt	66.19	14.64	37.29	66.19	12.06	35.29
Restricted	7.75	0.31	0.48	4.04	0.01	0.48
Unrestricted	30.17	5.97	35.80	26.56	5.84	34.49
Total net assets	\$ 104.11	\$ 20.92	\$ 73.57	\$ 96.79	\$ 17.91	\$ 70.26

As depicted, at June 30, 2012, the County's Primary government and component unit assets exceeded liabilities by approximately \$104.11 and \$94.49 million (net assets) respectively. 64% and 55% respectively of this amount is represented by the investment in capital assets, net of debt still outstanding relating to the acquisition of those assets. Due to the nature of these assets - long-term assets which are not readily convertible to liquid assets - they are not considered to be available for spending or appropriation. Further, even though the presentation here shows capital assets net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other sources.

Other sub-classifications of net assets are *restricted* and *unrestricted*. Approximately \$7.75 million is restricted to expenditures in the Jail Tax Fund, CDC Tax Fund, state and county roads, and subdivision inspection fees.

Changes in Net Assets: As taken from the Statement of Activities in the basic financial statements, the following table depicts the changes in net assets for 2012.

Summary of Changes in Net Assets
(In Millions)

	2012			2011		
	Primary Government	Component Units		Primary Government	Component Units	
	Governmental Activities	Governmental Activities	Business-type Activities	Governmental Activities	Governmental Activities	Business-type Activities
Revenues:						
Program Revenues:						
Charges for services	\$ 2.00	\$ 3.87	\$ 55.44	\$ 1.98	\$ 3.52	\$ 54.67
Operating grants	7.37	8.95	-	7.27	8.28	-
Capital grants and cont.	6.59	2.69	-	-	0.20	0.45
General Revenues:						
Property taxes	22.41	6.69	-	17.47	7.97	-
Sales taxes	17.58	0.46	-	10.14	0.58	1.05
State appropriations	-	0.30	-	-	-	-
Licenses and permits	1.48	-	-	1.31	-	-
Other income	0.10	0.41	1.62	0.02	0.88	1.22
Interest income	0.62	0.02	0.26	0.64	0.03	0.23
Transfers, donations and losses	-	-	-	-	-	-
	58.15	23.39	57.32	38.83	21.46	57.62
Expenses:						
General government	15.49	-	-	18.16	-	-
Public safety	16.51	-	-	15.43	-	-
Road and bridge	13.63	-	-	8.44	-	-
Health, recreation and welfare	4.49	20.81	-	3.01	21.44	-
Conservation of natural resources	0.28	-	-	0.22	-	-
Memorial Hospital of Sweetwater County	-	-	54.01	-	-	50.25
	50.40	20.81	54.01	45.26	21.44	50.25
Total expenses	50.40	20.81	54.01	45.26	21.44	50.25
Change in net assets	7.75	2.58	3.31	(6.43)	0.02	7.37
Net assets-Beginning (restated)	96.36	18.34	70.26	103.22	17.89	62.89
Net assets-Ending	\$ 104.11	\$ 20.92	\$ 73.57	\$ 96.79	\$ 17.91	\$ 70.26

Governmental activities. Governmental activities for the primary government increased the County's net assets by approximately \$7.75 million. The key elements of this increase are as follows:

- Property taxes increased by approximately \$4.94 million. This is a 28% increase over the prior year. Capital grant and contribution revenues increased by approximately \$6.59 million for a 100% increase over the prior year.
- Public Safety is the largest expenditure program accounting for 33% of the total expenditures for the County. General government is second at 31% and Road and bridge is third with 27%.
- Primary government expenditures increased by approximately \$5.1 million or 11% over the previous year.

Business-type activities. The business type activity is the Memorial Hospital of Sweetwater County. Key elements of its activities are as follows:

- Revenues decreased by approximately \$.3 million or 0.5% over the prior year.
- Expenses increased by approximately \$3.76 million or 7% over the prior year.
- Revenues were in excess of expenditures increasing net assets by approximately \$3.3 million.

General Fund Budgetary Highlights

(In Millions)

	2012				2011			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Taxes	\$ 31.99	\$ 31.99	\$ 34.15	\$ 2.16	\$ 35.76	\$ 27.68	\$ 27.65	\$ (0.03)
Licenses and permits	1.37	1.37	1.48	0.11	1.44	1.52	1.31	(0.21)
Intergovernmental	8.53	10.71	8.84	(1.87)	7.31	7.87	6.69	(1.18)
Charges for services	0.78	0.78	1.57	0.79	0.94	0.92	1.54	0.62
Interest	0.44	0.44	0.52	0.08	1.00	1.00	0.55	(0.45)
Miscellaneous	0.74	0.79	0.10	(0.69)	0.79	0.79	0.09	(0.70)
Total revenues	<u>43.85</u>	<u>46.08</u>	<u>46.66</u>	<u>0.58</u>	<u>47.24</u>	<u>39.78</u>	<u>37.83</u>	<u>(1.95)</u>
Expenditures:								
General government	17.38	15.47	14.26	1.21	21.69	16.97	15.35	1.62
Public safety	14.01	15.49	13.96	1.53	15.59	17.37	14.60	2.77
Road and bridge	3.74	3.78	3.62	0.16	4.75	4.98	4.47	0.51
Health, recreation and welfare	2.08	5.59	4.51	1.08	1.08	3.28	3.07	0.21
Conservation of natural resources	0.25	0.27	0.27	-	0.02	0.24	0.21	0.03
Capital outlay	6.82	8.61	5.50	3.11	2.31	6.51	5.20	1.31
Total expenditures	<u>44.28</u>	<u>49.21</u>	<u>42.12</u>	<u>7.09</u>	<u>45.44</u>	<u>49.35</u>	<u>42.90</u>	<u>6.45</u>
Transfers from other funds	-	0.50	0.50	-	(2.00)	1.60	1.60	-
Net change in Fund Balance	<u>\$ (0.43)</u>	<u>\$ (2.63)</u>	<u>\$ 5.04</u>	<u>\$ 7.67</u>	<u>\$ (0.20)</u>	<u>\$ (7.97)</u>	<u>\$ (3.47)</u>	<u>\$ 4.50</u>

The differences between the original budget and the final amounts represent changes made by the commission as additional facts and information became available. Several factors lead to these modifications. They include: economic factors, change in governing officials, emergency purchases, and other factors.

Tax revenues were over the budgeted amounts due to the condition of the local and state economies during the year.

General government expenditures were under budget primarily due to projects which were either not undertaken or completed during the year.

Capital assets

At the end of the year, for governmental activities, the County and its component units had invested \$81.98 million in a variety of capital assets, as reflected in the following schedules, which represents an increase of \$2.06 million or 2.6% from last year. The following schedules show the capital assets for the primary government, component units and the component unit business-type activities for the year ended June 30, 2012. Additional information on the County's capital assets can be found in Note 9 of this report.

Primary Government

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 783,187	\$ 289,014	\$ -	\$ 1,072,201
Construction in progress	<u>4,101,378</u>	<u>5,245,984</u>	<u>(2,421,331)</u>	<u>6,926,031</u>
Total capital assets not being depreciated	<u>4,884,565</u>	<u>5,534,998</u>	<u>(2,421,331)</u>	<u>7,998,232</u>
Capital assets being depreciated:				
Buildings and improvements	25,864,796	2,207,396	960,199	29,032,391
Equipment and furnishings	16,811,364	547,163	(61,490)	17,297,037
Infrastructure	<u>110,845,558</u>	<u>2,257,954</u>	<u>(4,465,112)</u>	<u>108,638,400</u>
Total capital assets being depreciated	<u>153,521,718</u>	<u>5,012,513</u>	<u>(3,566,403)</u>	<u>154,967,828</u>
Less: Accumulated depreciation:				
Buildings and improvements	(8,351,103)	(695,825)	-	(9,046,928)
Equipment and furnishings	(9,906,083)	(1,461,233)	59,219	(11,308,097)
Infrastructure	<u>(72,784,644)</u>	<u>(3,130,851)</u>	<u>24,693</u>	<u>(75,890,802)</u>
Total accumulated depreciation	<u>(91,041,830)</u>	<u>(5,287,909)</u>	<u>83,912</u>	<u>(96,245,827)</u>
Net depreciable assets	<u>62,479,888</u>	<u>(275,396)</u>	<u>(3,482,491)</u>	<u>58,722,001</u>
Total net capital assets	<u>\$ 67,364,453</u>	<u>\$ 5,259,602</u>	<u>\$ (5,903,822)</u>	<u>\$ 66,720,233</u>

Component Units

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in progress	\$ 104,095	\$ 3,222,661	\$ (172,628)	\$ 3,154,128
Capital assets being depreciated:				
Buildings and improvements	30,130,259	363,735	172,628	30,666,622
Equipment and furnishings	3,440,447	57,311	14,517	3,512,275
Total capital assets being depreciated	33,570,706	421,046	187,145	34,178,897
Less: Accumulated depreciation:				
Buildings and improvements	(18,718,752)	(732,743)	-	(19,451,495)
Equipment and furnishings	(2,396,660)	(211,606)	(14,517)	(2,622,783)
Total accumulated depreciation	(21,115,412)	(944,349)	(14,517)	(22,074,278)
Net depreciable capital assets	12,455,294	(523,303)	172,628	12,104,619
Total net capital assets	\$ 12,559,389	\$ 2,699,358	\$ -	\$ 15,258,747

Business-Type Activities

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 18,245	\$ -	\$ -	\$ 18,245
Construction in progress	1,274,783	6,800,062	(3,257,066)	4,817,779
Total capital assets not being depreciated	1,293,028	6,800,062	(3,257,066)	4,836,024
Capital assets being depreciated:				
Buildings and improvements	27,923,401	413,352	(3,355)	28,333,398
Equipment and furnishings	65,613,995	2,843,714	(2,742,683)	65,715,026
Total capital assets being depreciated	93,537,396	3,257,066	(2,746,038)	94,048,424
Less: Accumulated depreciation:				
Buildings and improvements	(8,182,900)	(1,039,861)	-	(9,222,761)
Equipment and furnishings	(25,150,835)	(4,350,176)	2,677,544	(26,823,467)
Total accumulated depreciation	(33,333,735)	(5,390,037)	2,677,544	(36,046,228)
Net depreciable assets	60,203,661	(2,132,971)	(68,494)	58,002,196
Total net capital assets	\$ 61,496,689	\$ 4,667,091	\$ (3,325,560)	\$ 62,838,220

Long-term debt

At year-end, the County had \$3,165,437 in long-term debt. In addition, governmental-type component units of the County had \$1,217,506 in long-term debt and the business-type component unit of the County had \$26,647,337 in long-term debt. Debt consists of Compensated absences, net OPEB obligation, Capital leases, Hospital Revenue Bonds and a note payable. State statute allows the County to have 2% of its assessed valuation in general bonded debt. Additional information on the County's long-term debt can be found in Notes 11 through 15 and Note 21 of this report.

Primary Government

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Due within one year
Net OPEB obligation	\$ 926,119	\$ 415,013	\$ (122,420)	\$ 1,218,712	\$ -
Compensated absences	1,398,659	1,386,088	(1,365,245)	1,419,502	1,365,245
Capital leases	1,176,553	-	(649,330)	527,223	527,223
Total long-term liabilities	<u>\$ 3,501,331</u>	<u>\$ 1,801,101</u>	<u>\$ (2,136,995)</u>	<u>\$ 3,165,437</u>	<u>\$ 1,892,468</u>

Governmental-Type Component Units

Compensated absences	\$ 555,365	\$ 1,095,982	\$ (1,054,044)	\$ 597,303	\$ 597,303
Notes payable	405,252	312,000	(132,027)	585,225	262,728
Capital leases	99,225	-	(64,247)	34,978	34,978
Total long-term liabilities	<u>\$ 1,059,842</u>	<u>\$ 1,407,982</u>	<u>\$ (1,250,318)</u>	<u>\$ 1,217,506</u>	<u>\$ 895,009</u>

Business-Type Component Unit

Compensated absences	\$ 862,302	\$ 1,097,337	\$ (862,302)	\$ 1,097,337	\$ 1,097,337
Hospital revenue bonds	26,225,000	-	(675,000)	25,550,000	700,000
Total long-term liabilities	<u>\$ 27,087,302</u>	<u>\$ 1,097,337</u>	<u>\$ (1,537,302)</u>	<u>\$ 26,647,337</u>	<u>\$ 1,797,337</u>

Requests for Information

This financial report is designed to provide citizens, customers, investors, creditors and others with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the office of the Sweetwater County Clerk.

BASIC FINANCIAL STATEMENTS

SWEETWATER COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS	Primary	Component Units		
	Government	Business-Type		
	Governmental	Governmental	Memorial	Total
	Activities	Activities	Hospital	
ASSETS				
Current Assets				
Cash and investments	\$ 27,163,858	\$ 6,505,112	\$ 14,995,114	\$ 21,500,226
Due from other governments	1,630,656	-	-	-
Accounts receivable, net	27,549,891	7,238,520	7,939,965	15,178,485
Grants receivable	1,217,327	840,723	-	840,723
Note receivable	123,600	-	-	-
Inventories	569,627	72,260	1,601,201	1,673,461
Prepaid items	363,339	130,359	968,556	1,098,915
Total current assets	58,618,298	14,786,974	25,504,836	40,291,810
Noncurrent Assets				
Cash and investments	16,107,860	-	15,133,152	15,133,152
Due from Library Foundation	-	306,955	-	306,955
Notes receivable	188,400	-	294,885	294,885
Rental property, net	-	-	541,899	541,899
Deferred financing costs	-	-	439,809	439,809
Capital assets not being depreciated:				
Land	1,072,201	-	18,245	18,245
Construction in progress	6,926,031	3,154,128	4,817,779	7,971,907
Capital assets being depreciated:				
Buildings and improvements	29,032,391	30,666,622	28,333,398	59,000,020
Equipment and furnishings	17,297,037	3,512,275	65,715,026	69,227,301
Infrastructure	108,638,400	-	-	-
Accumulated depreciation	(96,245,827)	(22,074,278)	(36,046,228)	(58,120,506)
Total noncurrent assets	83,016,493	15,565,702	79,247,965	94,813,667
Total assets	141,634,791	30,352,676	104,752,801	135,105,477
LIABILITIES				
Current Liabilities				
Warrants and vouchers payable	3,314,571	1,096,341	2,864,987	3,961,328
Accrued liabilities	482,916	120,028	1,509,703	1,629,731
Court bonds and other funds held	88,982	-	-	-
Deferred revenue	30,472,498	6,997,377	-	6,997,377
Estimated third-party payor settlements	-	-	164,000	164,000
Notes payable, due within one year	-	262,728	700,000	962,728
Capital leases payable, due within one year	527,223	34,978	-	34,978
Compensated absences, due within one year	1,365,245	597,303	1,097,337	1,694,640
Total current liabilities	36,251,435	9,108,755	6,336,027	15,444,782
Noncurrent Liabilities				
Net OPEB obligation	1,218,712	-	-	-
Notes payable, due in more than one year	-	322,497	24,850,000	25,172,497
Compensated absences, due in more than one year	54,257	-	-	-
Total noncurrent liabilities	1,272,969	322,497	24,850,000	25,172,497
Total liabilities	37,524,404	9,431,252	31,186,027	40,617,279
NET ASSETS				
Investment in capital assets, net of related debt	66,193,010	14,638,544	37,288,220	51,926,764
Restricted for:				
Jail Tax Fund	744,823	-	-	-
State and county roads	2,767,714	-	-	-
CDC building	4,171,287	-	-	-
Subdivision inspection fees	67,031	-	-	-
Endowment challenge program	-	306,955	-	306,955
Tipple building	-	9,500	-	9,500
Restricted by contributors and grantors for capital acquisition	-	-	473,223	473,223
Restricted for debt service and reserve	-	-	5,052	5,052
Unrestricted	30,166,522	5,966,425	35,800,279	41,766,704
Total net assets	\$ 104,110,387	\$ 20,921,424	\$ 73,566,774	\$ 94,488,198

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units		
					Governmental Activities	Governmental Activities	Business-Type Activity Memorial Hospital	Total
Primary Government								
Governmental activities:								
General government	\$ 15,492,477	\$ 802,673	\$ 3,279,862	\$ 2,164,248	\$ (9,245,694)	\$ -	\$ -	\$ -
Public safety	16,512,442	1,197,277	1,399,211	-	(13,915,954)	-	-	-
Road and bridge	13,626,197	-	989,121	4,425,747	(8,211,329)	-	-	-
Health, recreation and welfare	4,494,629	-	1,690,523	-	(2,804,106)	-	-	-
Conservation of natural resources	275,556	-	13,803	-	(261,753)	-	-	-
Total governmental activities	50,401,301	1,999,950	7,372,520	6,589,995	(34,438,836)	-	-	-
Component Units								
Governmental activities	20,807,705	3,869,571	8,946,069	2,691,345	-	(5,300,720)	-	(5,300,720)
Business-type activities	54,013,760	55,437,585	-	2,771	-	-	1,426,596	1,426,596
Total component units	\$ 74,821,465	\$ 59,307,156	\$ 8,946,069	\$ 2,694,116	-	(5,300,720)	1,426,596	(3,874,124)
General Revenues								
Taxes:								
Property taxes					22,414,395	6,692,446	-	6,692,446
Sales and other taxes					17,586,666	462,775	-	462,775
State appropriations					-	306,955	-	306,955
Licenses and permits					1,476,854	-	-	-
Other income					93,078	403,862	1,614,955	2,018,817
Interest income					620,517	20,351	259,522	279,873
Total general revenues					42,191,510	7,886,389	1,874,477	9,760,866
Change in net assets					7,752,674	2,585,669	3,301,073	5,886,742
Net Assets, beginning, as previously reported					96,788,280	17,905,188	70,265,701	88,170,889
Prior period adjustment					(430,567)	430,567	-	430,567
Net Assets, beginning, as restated					96,357,713	18,335,755	70,265,701	88,601,456
Net Assets, ending					\$ 104,110,387	\$ 20,921,424	\$ 73,566,774	\$ 94,488,198

See Notes to Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

SWEETWATER COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

ASSETS	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 30,519,506	\$ 7,029,818	\$ 37,549,324
Due from other governments	1,481,059	149,597	1,630,656
Due from other funds	77,303	-	77,303
Receivables:			
Taxes and interest on taxes	27,361,813	-	27,361,813
Accrued interest	188,078	-	188,078
Grants	1,217,327	-	1,217,327
Note receivable	312,000	-	312,000
Inventories	569,627	-	569,627
Prepaid items	522,162	-	522,162
Total assets	\$ 62,248,875	\$ 7,179,415	\$ 69,428,290
LIABILITIES			
Warrants and vouchers payable	\$ 3,069,032	\$ 245,539	\$ 3,314,571
Due to other funds	-	77,303	77,303
Court bonds and other funds held	88,982	-	88,982
Deferred revenue	30,471,044	-	30,471,044
Total liabilities	33,629,058	322,842	33,951,900
FUND BALANCES			
Nonspendable:			
Inventories	569,627	-	569,627
Prepaid items	522,162	-	522,162
Note receivable	312,000	-	312,000
Restricted for:			
Jail maintenance and operations	-	744,823	744,823
State and county roads	827,251	1,940,463	2,767,714
CDC Building	-	4,171,287	4,171,287
Subdivision inspection fees	67,031	-	67,031
Committed to:			
Capital replacements	8,385,396	-	8,385,396
Impact tax	41,941	-	41,941
Economic development infrastructure	111,162	-	111,162
Insurance reserves	1,650,000	-	1,650,000
Assigned to:			
Hospital maintenance	2,200	-	2,200
Unassigned	16,131,047	-	16,131,047
Total fund balances	28,619,817	6,856,573	35,476,390
Total liabilities and fund balances	\$ 62,248,875	\$ 7,179,415	\$ 69,428,290

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2012

Total Fund Balances - Governmental Funds \$ 35,476,390

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. 66,720,233

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 109,264

Long-term liabilities, including net OPEB obligation, capital leases payable, accrued interest expense on capital leases, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (3,174,248)

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of this internal service fund are included with governmental activities in the statement of net assets. 4,978,748

Net assets of governmental activities \$ 104,110,387

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Taxes	\$ 34,151,659	\$ 5,986,284	\$ 40,137,943
Licenses and permits	1,476,854	-	1,476,854
Intergovernmental revenue	8,843,367	693,401	9,536,768
Charges for services	1,570,666	429,284	1,999,950
Interest	524,516	9,155	533,671
Miscellaneous	93,078	-	93,078
Total revenue	46,660,140	7,118,124	53,778,264
Expenditures			
Current:			
General government	14,257,317	-	14,257,317
Public safety	13,956,954	1,849,150	15,806,104
Road and bridge	3,618,945	846	3,619,791
Health, recreation and welfare	4,509,843	-	4,509,843
Conservation of natural resources	275,556	-	275,556
Capital outlay	5,504,649	1,816,380	7,321,029
Total expenditures	42,123,264	3,666,376	45,789,640
Excess of revenue over expenditures	4,536,876	3,451,748	7,988,624
Other Financing Sources (Uses)			
Transfers from/(to) other funds	500,000	(500,000)	-
Proceeds from sale of capital assets	1,826	-	1,826
Net change in fund balances	5,038,702	2,951,748	7,990,450
Fund Balance, beginning, as previously reported	24,011,682	3,904,825	27,916,507
Prior period adjustment	(430,567)	-	(430,567)
Fund Balance, beginning, as restated	23,581,115	3,904,825	27,485,940
Fund Balance, ending	\$ 28,619,817	\$ 6,856,573	\$ 35,476,390

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 7,990,450

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases and contributions exceeded depreciation in the current period. 5,259,602

Governmental funds do not report gains and losses on sales, retirements, or donations of fixed assets. However, the statement of activities reports these amounts. (5,903,822)

The statement of activities reports a decrease in revenue due to current activity in deferred revenues which is not reported at the fund level. (136,882)

The net OPEB obligation and the liability for compensated absences are not recorded in the fund level, but are reported in the statement of net assets. This is the current year change in these liabilities, reported as an expense in the statement of activities. (313,436)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is offset by the total capital leases issued during the year, if any. 661,244

Internal service funds are accounted for as proprietary funds, therefore, they are not included in the governmental funds. 195,518

Change in net assets of governmental activities \$ 7,752,674

See Notes to Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

SWEETWATER COUNTY, WYOMING

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND**

June 30, 2012

	Internal Service Insurance Fund
ASSETS	
Current Assets	
Cash and investments	\$ 5,722,394
Prepaid expenses	<u>77,596</u>
Total assets	<u><u>5,799,990</u></u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accrued liabilities	474,105
Deferred revenue	<u>347,137</u>
Total current liabilities	<u><u>821,242</u></u>
Net Assets	
Unrestricted	<u>4,978,748</u>
Total net assets	<u><u>\$ 4,978,748</u></u>

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS**

PROPRIETARY FUND

For the Year Ended June 30, 2012

	Internal Service Insurance Fund
Operating Revenues	
Insurance premiums	\$ 5,173,682
Operating Expenses	
Insurance claims	<u>5,065,010</u>
Operating income	108,672
Nonoperating Revenue	
Interest income	<u>86,846</u>
Change in net assets	195,518
Net Assets	
Beginning of year	<u>4,783,230</u>
End of year	<u><u>\$ 4,978,748</u></u>

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2012**

	Internal Service Insurance Fund
<hr/>	
Cash Flows from Operating Activities	
Cash receipts on premiums	\$ 5,256,411
Payments on insurance claims	<u>(5,088,319)</u>
Net cash provided by operating activities	<u>168,092</u>
 Cash Flows from Investing Activities	
Interest income	<u>86,846</u>
Net increase in cash and cash equivalents	254,938
 Cash and Cash Equivalents	
Beginning of year	<u>5,467,456</u>
End of year	<u><u>\$ 5,722,394</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 108,672
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Prepaid expenses	4,231
Accrued liabilities	(27,540)
Deferred revenue	<u>82,729</u>
Net cash provided by operating activities	<u><u>\$ 168,092</u></u>

See Notes to Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENT

SWEETWATER COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

June 30, 2012

	Property Tax Fund
ASSETS	
Cash	\$ 11,887,461
Due from other governments	2,181
Property taxes and interest receivable	<u>1,041,652</u>
	<u><u>\$ 12,931,294</u></u>
 LIABILITIES	
Due to other taxing units	<u><u>\$ 12,931,294</u></u>

See Notes to Financial Statements.

**DISCRETELY PRESENTED GOVERNMENTAL
TYPE COMPONENT UNITS**

SWEETWATER COUNTY, WYOMING

**STATEMENT OF NET ASSETS
DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS
June 30, 2012**

ASSETS	Mental Health	Events Complex	Library System	Nonmajor Component Units	Total Component Units
Cash and investments	\$ 2,894,127	\$ 912,723	\$ 1,650,149	\$ 1,048,113	\$ 6,505,112
Due from Library Foundation	-	-	306,955	-	306,955
Receivables:					
Taxes and interest on taxes	670,095	1,861,052	3,084,130	728,129	6,343,406
Accounts and insurance credits	736,990	68,247	3,633	86,244	895,114
Grants	111,503	702,573	-	26,647	840,723
Inventories	-	44,295	27,965	-	72,260
Prepaid items	53,468	39,162	-	37,729	130,359
Capital assets not being depreciated:					
Construction in progress	-	3,154,128	-	-	3,154,128
Capital assets being depreciated:					
Buildings and improvements	6,460,234	12,001,714	2,823,696	9,380,978	30,666,622
Equipment and furnishings	835,337	2,031,985	185,660	459,293	3,512,275
Accumulated depreciation	(3,647,179)	(8,267,522)	(2,302,658)	(7,856,919)	(22,074,278)
Total assets	\$ 8,114,575	\$ 12,548,357	\$ 5,779,530	\$ 3,910,214	\$ 30,352,676
LIABILITIES					
Warrants and vouchers payable	\$ 124,460	\$ 842,828	\$ 104,859	\$ 24,194	\$ 1,096,341
Accrued expenses	-	48,973	39,654	31,401	120,028
Deferred revenue	663,369	2,556,658	3,059,200	718,150	6,997,377
Notes payable:					
Due within one year	139,128	123,600	-	-	262,728
Due in more than one year	134,097	188,400	-	-	322,497
Capital leases payable:					
Due within one year	-	34,978	-	-	34,978
Compensated absences:					
Due within one year	219,516	118,188	156,361	103,238	597,303
Total liabilities	1,280,570	3,913,625	3,360,074	876,983	9,431,252
NET ASSETS					
Investment in capital assets, net of related debt	3,375,167	8,573,327	706,698	1,983,352	14,638,544
Restricted for:					
Endowment challenge program	-	-	306,955	-	306,955
Tipple building	-	-	-	9,500	9,500
Unrestricted	3,458,838	61,405	1,405,803	1,040,379	5,966,425
Total fund balances	\$ 6,834,005	\$ 8,634,732	\$ 2,419,456	\$ 3,033,231	\$ 20,921,424

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS
For the Year Ended June 30, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Mental Health	Events Complex	Library System	Nonmajor Component Units	Total Component Funds
Mental Health									
Health, recreation and welfare	\$ 9,327,743	\$ 2,328,617	\$ 7,206,100	\$ -	\$ 206,974	\$ -	\$ -	\$ -	\$ 206,974
Events Complex									
Health, recreation and welfare	4,690,085	1,029,767	117,949	2,691,345	-	(851,024)	-	-	(851,024)
Library System									
Health, recreation and welfare	3,636,730	-	-	-	-	-	(3,636,730)	-	(3,636,730)
Nonmajor Component Units									
Health, recreation and welfare	3,153,147	511,187	1,622,020	-	-	-	-	(1,019,940)	(1,019,940)
Total component units	\$ 20,807,705	\$ 3,869,571	\$ 8,946,069	\$ 2,691,345	206,974	(851,024)	(3,636,730)	(1,019,940)	(5,300,720)
General Revenues									
Taxes:									
Property taxes					826,045	1,952,490	3,088,584	825,327	6,692,446
Sales and other taxes					54,888	140,478	223,240	44,169	462,775
State appropriations					-	-	306,955	-	306,955
Other income					13,644	276,744	113,474	-	403,862
Interest income					3,664	880	14,088	1,719	20,351
Total general revenues					898,241	2,370,592	3,746,341	871,215	7,886,389
Change in net assets					1,105,215	1,519,568	109,611	(148,725)	2,585,669
Net Assets, beginning, as previously reported					5,728,790	7,115,164	2,309,845	2,751,389	17,905,188
Prior period adjustment					-	-	-	430,567	430,567
Net Assets, beginning, as restated					5,728,790	7,115,164	2,309,845	3,181,956	18,335,755
Net Assets, ending					\$ 6,834,005	\$ 8,634,732	\$ 2,419,456	\$ 3,033,231	\$ 20,921,424

See Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Reporting entity: The basic financial statements include all funds of the primary government, which is the County, as well as the component units determined to be included in the County's financial reporting entity. The decision to include a potential component unit in the County's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the County's reporting entity.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, entities over which the County has significant operational or financial relationships such as boards, commissions and authorities are considered component units. Component units are either discretely presented or blended. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government (the County). Blending requires the component unit's balances and transactions be reported with the balances and transactions of the County.

The following organizations comprise the County's discretely presented component units:

Memorial Hospital of Sweetwater County is a 99-bed general acute care facility located in Rock Springs, Wyoming. The Hospital is owned by Sweetwater County. The Hospital participates in the County's tax levies. For Federal income tax purposes, the Hospital is considered to be part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Hospital is presented as a business-type component unit. Complete financial statements for the Memorial Hospital of Sweetwater County may be obtained at the entity's administrative offices.

The *Sweetwater County Fair Board* is a seven member board appointed by the County's governing board to oversee the planning of the annual County fair and to oversee the daily operations of the Sweetwater County Events Complex located in Rock Springs, Wyoming. The Fair Board participates in the County's tax levies and receives grants from the County. For Federal income tax purposes, the Fair Board is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Fair Board is a discretely presented governmental type component unit. No separate financial statements for the Fair Board are available.

Southwest Counseling Services provides mental health and substance abuse treatment, counseling and training to the citizenry of Sweetwater County. The Mental Health Board is a seven-member board appointed by the County's governing board to oversee the daily operations of Southwest Counseling Services. Southwest Counseling Services participates in the County's tax levies. For Federal income tax purposes, Southwest Counseling Services is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Mental Health Board is a discretely presented governmental type component unit. No separate financial statements for Southwest Counseling Services are available.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The *Sweetwater County Library System* has County libraries located in Green River, Wyoming and Rock Springs, Wyoming. The Library Board is a five-member board appointed by the County's governing board to oversee the daily operations of the Library System. The Sweetwater County Library System participates in the County's tax levies and receives grants from the County. For Federal income tax purposes, the Library System is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Library System is a discretely presented governmental type component unit. No separate financial statements for the Sweetwater County Library System are available.

The *Sweetwater County Museum* is a local, historical, museum located in Green River, Wyoming. The Museum Board is a five-member board appointed by the County's governing board to oversee the daily operations of the Museum. The Sweetwater County Museum participates in the County's tax levies and receives grants from the County. For Federal income tax purposes, the Museum is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Museum is a discretely presented governmental type component unit. No separate financial statements for the Sweetwater County Museum are available.

The *Sweetwater County Recreation Board* is a seven-member board appointed by the County's governing board to oversee the daily operations of the County parks and recreation centers. The Sweetwater County Recreation Board participates in the County's tax levies and receives grants from the County. For Federal income tax purposes, the Recreation Board is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Recreation Board is a discretely presented governmental type component unit. No separate financial statements for the Sweetwater County Recreation Board are available.

The *Sweetwater County Board of Health* is a seven-member board three of which are appointed by the County's governing board to oversee the daily operations of the County health department and nurses. The Sweetwater County Board of Health participates in the County's tax levies and receives grants from the County. For Federal income tax purposes, the Board of Health is considered part of the County and, therefore, under current regulations, is exempt from Federal income taxes. The Board of Health is a discretely presented governmental type component unit. No separate financial statements for the Sweetwater County Board of Health are available.

Government-wide and fund financial statements: The government-wide financial statements (i.e. the statement of net assets and statement of activities) report on all of the nonfiduciary activities of the County. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not included among program revenues are reported instead as general revenues.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor individual governmental funds are reported in a combined column.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Government 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 collectable within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are cigarette taxes, various grants, interest revenue and charges for services. Sales taxes collected and held by the State at year end on behalf of the government are also recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Governmental fund: The County reports the following major governmental fund:

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 another fund are accounted for in this fund. The general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds are paid from the general fund.

The County's nonmajor governmental funds include special revenue funds used to account for resources legally restricted to expenditure for specified current operating purposes. Included as nonmajor special revenue funds of the County are the Enhanced 911 Fund, the State/County Road Fund, the CDC Tax Fund, and the Jail Tax Fund.

Proprietary fund: This fund type accounts for County activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position (economic resources measurement focus). 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.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The *internal service fund* is used to account for the financing of goods or services provided by the County to the County itself on a cost-reimbursement basis. The County's employee insurance plan is accounted for as an internal service fund. The principal operating revenues of the insurance fund are premiums paid by participating employees. Operating expenses for the fund are the claims incurred during the year and an estimate for claims incurred but not reported.

The internal service fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 20, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which GASB prevails.

Fiduciary funds: Agency funds are used to account for assets held on behalf of outside parties, including other governments. Agency funds are used to account for assets that the government holds on behalf of others as their agent, and the County's responsibility for these funds is fiduciary in nature.

Interfund transactions: During the normal course of operations, transactions occur between individual funds for goods, services, and for short-term interfund loans or transfers. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

Inventories: Inventories, consisting primarily of consumable supplies, are carried at lower of cost (first-in, first-out method) or market. Reported inventories in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though such inventories are a component of the fund balance.

Deferred financing costs – Memorial Hospital: Deferred financing costs are amortized over the period the related obligation is outstanding upon the completion of the project using the straight-line method.

Designated net assets – Memorial Hospital: Of the \$35,800,279 of unrestricted net assets reported in 2012, \$14,659,929 has been designated by the Hospital's Board of Trustees for capital acquisitions. Designated funds remain under the control of the Board of Trustees, which may at its discretion later use the funds for other purposes.

Capital assets: Capital assets include land, buildings and improvements, equipment and furnishings, infrastructure (roads and bridges), and construction in progress. These assets are reported in the government-wide financial statements. The County defines capital assets as assets with a cost of more than \$10,000 for machinery and equipment, \$20,000 for infrastructure and improvements, \$25,000 for capital improvements, or \$2,000 for assets acquired by the Hospital. Assets purchased or constructed are stated at cost. Donated items are recorded at fair market value at the date of donation. Expenditures which increase values, or extend useful lives, are capitalized. Routine maintenance and repairs are charged to expense in the year incurred. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives for the major classes of depreciable assets are as follows:

	<u>Years</u>
Buildings and improvements	5-50
Equipment and furnishings	4-20
Infrastructure	12-45

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Fund balance: The County reports fund balance in the governmental fund financial statements in one of the following five categories: 1) *Nonspendable fund balance* represents amounts that are not in spendable form for which the County includes prepaid items, inventories, and notes receivable; 2) *Restricted fund balance* represents amounts constrained to a specific purpose by their providers, through constitutional provisions, or by enabling legislation; 3) *Committed fund balance* represents amounts constrained to a specific purpose by the County Commissioners through formal motion. Amounts reported as committed cannot be used for other purpose unless the County Commissioners make another formal motion; 4) *Assigned fund balance* represents amounts constrained by the County's intent to use them for a specific purpose. Although the County does not have a policy specific to assigned fund balance, other County policies authorize certain individuals to enter into purchase orders which may result in encumbrances at year end; and 5) *Unassigned fund balance* represents amounts that have not been restricted, committed or assigned to a specific purpose.

As of June 30, 2012, the County does not have a policy on the order in which unrestricted (committed, assigned, or unassigned) resources are to be used when any of these amounts are available for expenditure. As a result, the County assumes the default approach that resources be used in the following order: committed, assigned, and unassigned.

Restricted funds: Funds legally restricted for specific purposes are reported as restricted funds. These funds are included in the net asset balance of the Jail Tax Fund, SC Road Fund, and CDC Tax Fund, as well as subdivision inspection fees and other state and county road reimbursements. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Expendable restricted net assets – Memorial Hospital: Expendable restricted net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital.

Compensated absences: Employees may accumulate and carryforward earned but unused sick leave up to a maximum of 120 days. Employees are paid 25% of the balance of their unused sick days upon voluntary or involuntary termination of employment at the County, but are forfeited at Memorial Hospital. Accrued unused vacation days are paid in full upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Risk management – Memorial Hospital: The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Charity care - Memorial Hospital: To fulfill its mission of community service, the Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of charges foregone, based on established rates, was approximately \$1,934,000 for the year ended June 30, 2012.

Cash and investments: Cash consists of demand deposit accounts, money market accounts and petty cash. Investments are carried at fair value and consist primarily of certificates of deposit and United States Government agencies bonds.

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 at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Noncurrent cash and investments – Memorial Hospital: Interest and dividends are included in nonoperating revenues when earned. Interest earnings on borrowed proceeds for capital acquisition are capitalized.

The Hospital's investments are maintained in accordance with Wyoming State Statute 9-4-831. This statute limits the types of investments the Hospital may invest in as listed in Section 9-4-831(a). The Hospital has adopted an investment policy as directed under Section 9-4-831(h).

Restricted investments consist of funds restricted in accordance with bond indenture agreements and funds restricted by donor for an endowment and purchase of equipment. Restricted investments that are available for obligations classified as current liabilities are reported in current assets.

Notes receivable – Memorial Hospital: Notes receivable are stated at principal amounts and are uncollateralized. Payments on notes receivable are allocated to the outstanding principal and accrued interest balances. Management reviews all notes receivable periodically and estimates a portion, if any, of the balance that will not be collected.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments

Cash and investments as of June 30, 2012 as classified in the accompanying financial statements consist of the following:

Statement of Net Assets:	Primary Government	Agency Funds	Governmental Type Component Units			
			Mental Health	Events Complex	Library System	Nonmajor
Cash and investments:						
Deposits with financial institutions	\$ 18,399,848	\$ 11,887,461	\$ 2,894,127	\$ 912,723	\$ 1,612,603	\$ 1,048,113
Wyoming Government Investment Fund	-	-	-	-	37,546	-
Investments:						
FHLB	5,941,711	-	-	-	-	-
FNMA	11,318,714	-	-	-	-	-
FREDMAC	1,105,580	-	-	-	-	-
FHLMC	6,505,865	-	-	-	-	-
Total cash and investments	\$ 43,271,718	\$ 11,887,461	\$ 2,894,127	\$ 912,723	\$ 1,650,149	\$ 1,048,113

Investments authorized by the County's investment policy: The County follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The County's investment policy requires investments to comply with State statutes, which generally allows the County to invest in U.S., state and local government securities and accounts of any bank and savings associations which are federally insured. All investments made during the year were made within these statutory limits. The County's investment policy does not contain any specific provisions intended to limit the County's exposure to interest rate risk, credit risk or concentration of credit risk.

Part of the Library System's investment activity is conducted in a local government investment pool. The Wyoming Government Investment Fund (WGIF) was established pursuant to the Wyoming Statutory Trust Act. Shares of this fund are offered exclusively to Wyoming governmental entities. The fair value of the Library System's position in this fund is the same as the value of the pool shares.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The credit risk for the County's investments is presented as follows:

Category:	Credit Rating	Market Value
FHLB	AAA	\$ 5,941,711
FNMA	AAA	11,318,714
FREDMAC	AAA	1,105,580
FHLMC	AAA	6,505,865

Under the investment agreement with WGIF, the Library System has invested monies at a fixed contract rate of interest. The WGIF fund received an AAAM rating by Standard & Poor's (S&P) indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss."

Custodial credit risk: Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Certain deposits held in County bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the County and the financial institution. As of June 30, 2012, the primary government had bank balances on deposit of \$19,412,372, which were fully collateralized or insured. As of June 30, 2012, the Agency Funds had bank balances on deposit of \$11,887,461, which were fully collateralized or insured. As of June 30, 2012, the governmental type component units of the County had bank balances on deposit of \$7,343,518, which were fully collateralized or insured.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. As of June 30, 2012, all investment securities were held by either of the County's two custodians and registered in the County's name. The County does not have a formal investment policy for custodial credit risk.

Concentration of credit risk: Because there is minimal credit risk associated with investments issued by the U.S. government agencies or investments in government investment pools, which include all of the County's investments, no further disclosure regarding concentrations of credit risk is required.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. A majority of the bonds held in the County's investment portfolio have call structures allowing the issuer to call that bond at specific times during the life of the bond. These bonds are purchased because they add yield compared to buying a non-callable bond.

The County has chosen the segmented time distribution method for its Interest Rate Disclosure. Maturity assumptions have been made using a matrix analyzing interest rates versus final maturity dates of these callable securities. The maturity assumptions or average life of the County's securities are displayed in the Interest Rate Risk Table.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk Organized by Investment Type Using Segmented Time Distribution
As of June 30, 2012

	Primary Government		
	Market	Less Than 1	
		Year	1-5 Years
FHLB	\$ 5,941,711	\$ 3,727,580	\$ 2,214,131
FNMA	11,318,714	4,033,580	7,285,134
FREDMAC	1,105,580	-	1,105,580
FHLMC	6,505,865	1,002,850	5,503,015
	<u>\$ 24,871,870</u>	<u>\$ 8,764,010</u>	<u>\$ 16,107,860</u>

The WGIF’s investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the fund’s portfolio maintain a dollar-weighted average maturity of less than 60 days. The weighted average maturity of the fund’s entire portfolio at June 30, 2012 was 52 days.

Highly sensitive securities: The County holds investments that are classified as “highly sensitive.” These securities, because of their specific type and structure, are rate sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step-up to a higher interest rate if they are not called. The portfolio holds \$16,466,830, or 66%, of the securities in step-up structured bonds.

Note 3. Cash and Investments – Memorial Hospital

Interest rate risk: The Hospital’s investment policy limits investments to maturities to 397 days or less to manage exposure to fair value losses arising from changing interest rates.

Credit risk: State law limits investments in commercial paper of corporations to be rated by Moody’s as P-1 or Standard and Poor’s as A1. The Hospital has no investment policy that would further limit its investment options. As of June 30, 2012, the Hospital’s investment in the WYO-STAR State Investment Pool was not rated by any investor service.

Concentration of credit risk: The Hospital places no limit on the amount the Hospital may invest with any one issuer.

The carrying value of deposits and investments is included in the Hospital’s balance sheet as follows:

Carrying value:	
Deposits	\$ 5,581,685
WYO-STAR State Pooled Funds	11,007,176
Investments	13,539,405
Total deposits and investments	<u><u>\$ 30,128,266</u></u>

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Interest income: Interest income of \$259,522 for the year ended June 30, 2012 is made up entirely of interest income from deposits and patient accounts at collection.

Note 4. Accounts Receivable

Accounts receivable consists primarily of property taxes receivable and interest on delinquent property taxes. Receivables also exist relating to accrued interest and services provided. The following schedule summarizes the carrying amounts and fair values of accounts receivable at June 30, 2012:

	Primary Government	Governmental Type Component Units			
		Mental Health	Events Complex	Library System	Nonmajor
Taxes and interest on taxes	\$ 27,361,813	\$ 670,095	\$ 1,861,052	\$ 3,084,130	\$ 728,129
Accounts receivable	188,078	2,459,823	68,247	3,633	86,768
Allowance for doubtful accounts	-	(1,722,833)	-	-	(524)
Accounts receivable, net	\$ 27,549,891	\$ 1,407,085	\$ 1,929,299	\$ 3,087,763	\$ 814,373

Mental Health and the County Health Board provide services to patients under the Medicare and Medicaid programs, on the basis of prospectively determined contractual rates related to diagnosis or costs incurred. The programs' administrative procedures preclude final determination of amounts due Mental Health and the County until such time as the appropriate reports have been reviewed and settled by the respective administrative agencies. In addition, laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Memorial Hospital: Accounts receivable at June 30, 2012 consists of the following:

Patient receivables:	
Receivable from patients and their insurance carriers	\$ 9,594,940
Receivable from Medicare	1,024,691
Receivable from Medicaid	276,897
Total patient accounts receivable	10,896,528
Less: estimated allowance for uncollectible amounts	(3,700,000)
Net patient accounts receivable	7,196,528
Other	743,437
Accounts receivable, net	\$ 7,939,965

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 5. Property Taxes

Property taxes are assessed based on property values on January 1. Taxes are levied on July 31 and are payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for taxing entities within the County. Collections of property taxes for these entities and remittance of them are accounted for in the Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables, that is, collected within 60 days of the fiscal year end. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable are recognized at the assessment date; however, revenue is not recognized until the levy date.

Note 6. Retirement Plan

The County participates in the State of Wyoming Retirement System (System), a statewide cost-sharing multiple-employer public employee retirement system. The System issues a publicly available financial report that includes financial statements and required supplementary information. This information is available from the Wyoming Retirement System; copies can be obtained at 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Substantially all County full-time or regular part-time employees are eligible to participate in the System. Employees qualify for a retirement allowance if they are 60 years old and have at least four years of service, or they may retire at age 50 and have at least four years of service but be subject to a reduction in benefits of 5% for each year below age 60, or they may retire at any age if they have 25 years of service or when a combination of age and years of service equal 85.

Generally, for individuals with creditable service prior to July 1, 1981, the individuals received benefits based on the larger of a money purchase benefit structure or a formula basis. The formula consists of multiplying the number of years of service by 2.125% for the members' first 15 years of service and 2.25% for all years after 15 by the final average salary. The final average salary consists of the three highest continuous years of service.

Benefits for individuals hired after July 1, 1981, are calculated only by the formula method.

The System also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and who cannot continue in the performance of his duties. Benefits are established by State statute.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Contributions and covered payroll: State statutes require the County to contribute 7.12% of the employee's gross annual salary to the retirement system and employees are required to contribute 7% of their gross annual salary. The County has followed the allowed practice of paying the employee's share of contributions for full-time employees for a total contribution of 14.12%. The general County's expenditures for employee pension costs during the years ended June 30, 2012, 2011 and 2010 were \$1,375,594, \$1,420,987 and \$1,162,671, respectively, which equaled 100% of the required contributions for each year.

Law enforcement personnel of the County sheriff's department participate in a separate retirement plan through the System. The plan requires the qualifying employees to contribute 8.6% of their gross pay to the retirement system and the County is required to contribute 8.6% of each participant's salary. The County has followed the allowed practice of paying the employee's share of contributions for a total contribution of 17.2%. The general County's expenditures for law enforcement personnel pension costs during the years ended June 30, 2012, 2011 and 2010 were \$837,674, \$918,454 and \$906,237, respectively, which equaled 100% of the required contributions for each year.

Component units of the County also participate in the public employee retirement system. The following schedule summarizes the contributions for the year ended June 30, 2012, which equaled 100% of the required contributions for that year:

	Component Units			
	Mental Health	Events Complex	Library System	Nonmajor
Fiscal Year 2011-2012	\$ 697,035	\$ 123,885	\$ 261,950	\$ 203,479

Note 7. Employee Benefits – Memorial Hospital

Defined contribution plan: The Hospital has a Section 457 defined contribution pension plan that is available to all qualified Hospital employees. The Hospital's contribution to the plan is based on a 100% match of employee contributions up to a maximum of 7% of participant salaries. The Hospital's matching contributions are deposited into the 401(a) plan described below. Employees are eligible to participate in the plan upon completion of three months of service and reaching the age of 21.

The Hospital also has a Section 401(a) defined contribution pension plan that is available to all qualified Hospital employees. The Hospital contributes up to 7% of participant salaries to the account. Employees are eligible to participate in the plan upon completion of 90 days of service and reaching the age of 21.

Total pension expense for the year ended June 30, 2012 was \$818,196.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. General Obligation Debt

At June 30, 2012, the County had no general obligation debt outstanding.

The June 30, 2012 legal debt margin of the County is computed as follows:

Assessed valuation, June 30, 2011	<u>\$ 2,543,220,631</u>
Debt limit, 2% of assessed valuation	\$ 50,864,413
Debt applicable to debt limit	-
Legal debt margin	<u>\$ 50,864,413</u>

Note 9. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary government:

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
General Government				
Capital assets not being depreciated:				
Land	\$ 783,187	\$ 289,014	\$ -	\$ 1,072,201
Construction in progress	4,101,378	5,245,984	(2,421,331)	6,926,031
Total capital assets not being depreciated	<u>4,884,565</u>	<u>5,534,998</u>	<u>(2,421,331)</u>	<u>7,998,232</u>
Capital assets being depreciated:				
Buildings and improvements	25,864,796	2,207,396	960,199	29,032,391
Equipment and furnishings	16,811,364	547,163	(61,490)	17,297,037
Infrastructure	110,845,558	2,257,954	(4,465,112)	108,638,400
Total capital assets being depreciated	<u>153,521,718</u>	<u>5,012,513</u>	<u>(3,566,403)</u>	<u>154,967,828</u>
Less accumulated depreciation:				
Buildings and improvements	(8,351,103)	(695,825)	-	(9,046,928)
Equipment and furnishings	(9,906,083)	(1,461,233)	59,219	(11,308,097)
Infrastructure	(72,784,644)	(3,130,851)	24,693	(75,890,802)
Total accumulated depreciation	<u>(91,041,830)</u>	<u>(5,287,909)</u>	<u>83,912</u>	<u>(96,245,827)</u>
Total capital assets being depreciated, net	<u>62,479,888</u>	<u>(275,396)</u>	<u>(3,482,491)</u>	<u>58,722,001</u>
Governmental activities capital assets, net	<u>\$ 67,364,453</u>	<u>\$ 5,259,602</u>	<u>\$ (5,903,822)</u>	<u>\$ 66,720,233</u>

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities:

General government	\$ 644,043
Public safety	794,656
Road and bridge	3,849,210
Total depreciation, governmental activities	\$ 5,287,909

Discretely presented governmental type component units: Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 104,095	\$ 3,222,661	\$ (172,628)	\$ 3,154,128
Capital assets being depreciated:				
Buildings and improvements	30,130,259	363,735	172,628	30,666,622
Equipment and furnishings	3,440,447	57,311	14,517	3,512,275
Total capital assets being depreciated	33,570,706	421,046	187,145	34,178,897
Less accumulated depreciation:				
Buildings and improvements	(18,718,752)	(732,743)	-	(19,451,495)
Equipment and furnishings	(2,396,660)	(211,606)	(14,517)	(2,622,783)
Total accumulated depreciation	(21,115,412)	(944,349)	(14,517)	(22,074,278)
Total capital assets being depreciated, net	12,455,294	(523,303)	172,628	12,104,619
Government activities capital assets, net	\$ 12,559,389	\$ 2,699,358	\$ -	\$ 15,258,747

Depreciation expense was charged to functions/programs of the component units as follows:

Governmental activities:

Health, recreation, and welfare	\$ 944,349
Total depreciation, governmental activities	\$ 944,349

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2011	Additions	Deletions/ Transfers	Balance June 30, 2012
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 18,245	\$ -	\$ -	\$ 18,245
Construction in progress	1,274,783	6,800,062	(3,257,066)	4,817,779
Total capital assets not being depreciated	1,293,028	6,800,062	(3,257,066)	4,836,024
Capital assets being depreciated:				
Buildings and improvements	27,923,401	413,352	(3,355)	28,333,398
Equipment and furnishings	65,613,995	2,843,714	(2,742,683)	65,715,026
Total capital assets being depreciated	93,537,396	3,257,066	(2,746,038)	94,048,424
Less accumulated depreciation:				
Buildings and improvements	(8,182,900)	(1,039,861)	-	(9,222,761)
Equipment and furnishings	(25,150,835)	(4,350,176)	2,677,544	(26,823,467)
Total accumulated depreciation	(33,333,735)	(5,390,037)	2,677,544	(36,046,228)
Total capital assets being depreciated, net	60,203,661	(2,132,971)	(68,494)	58,002,196
 Business-type activities capital assets, net	 \$ 61,496,689	 \$ 4,667,091	 \$ (3,325,560)	 \$ 62,838,220

Construction in progress at June 30, 2012 represents the Electronic Medical Records project, which is expected to be completed in the fall of 2012. Additional construction in progress at year end relates to the construction of a Medical Office Building. This project is expected to be completed in fiscal year 2014, with a gross maximum price of approximately \$14.9 million.

Note 10. Joint Powers Agreements

Airport Board:

Under a joint powers agreement, the County and the City of Rock Springs share in the funding of the Rock Springs-Sweetwater County Airport. The Airport is not financially dependent on the County. The transactions of the Airport are not included in these financial statements.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Rock Springs, Green River, Sweetwater County Joint Powers Water Board:

Under certain provisions of Wyoming State Statutes, the County has entered into an agreement with the City of Rock Springs and the City of Green River to form a Joint Powers Board for the purchase, financing, rehabilitation, and operation of a water supply distribution system for domestic and other uses serving Green River, Wyoming, Rock Springs, Wyoming and other areas in Sweetwater County, Wyoming.

The Board consists of five members; two members from Green River, two members from Rock Springs, and one member from Sweetwater County.

Once the system began operations, the participating cities became responsible for the maintenance, operation, staffing, rate setting, and billing for each distribution system as well as construction of storage facilities. The cities lease these facilities from the Board on a year-to-year basis subject to annual appropriations by the cities.

The financial transactions of this board are not included in these financial statements.

Rock Springs, Green River, Sweetwater County Combined Communications Joint Powers Board Agreement:

Under certain provisions of Wyoming State Statutes, the County has entered into an agreement with the City of Rock Springs and the City of Green River to form a Joint Powers Board for the establishment of a Combined Communications Center (CCCJPB). The purpose of the CCCJPB is to provide an efficient, orderly and economically feasible method of planning, financing, constructing, operating, and maintaining a Combined Communications Center to maximize efficiency and coordination in communications and dispatching between the Sweetwater County Sheriff's Department, the Rock Springs Police Department, the Green River Police Department, and other law enforcement agencies.

The CCCJPB consists of nine members; three members from Sweetwater County and three members from each of the participating cities.

During the year ended June 30, 2012, the County recorded expenditures of \$1,325,212 in the Enhanced 911 Fund relating to the transfer of remaining resources in this fund to the CCCJPB as the CCCJPB is now administering the County's 911 service.

The financial transactions of the CCCJPB are not included in these financial statements. However, additional financial information of the CCCJPB may be obtained by contacting the CCCJPB Treasurer, Lisa M. Tarufelli, at the City of Rock Springs, 212 D Street, Rock Springs, Wyoming 82901.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 11. Liability for Compensated Absences

As described in Note 1, the general County and various County component units allow the accumulation of vested vacation and sick pay benefits, subject to set maximum hours. The liability recorded for compensated absences consists of the following:

	Governmental Type Component Units				
	Primary Government	Mental Health	Events Complex	Library System	Nonmajor
Beginning balance	\$ 1,398,659	\$ 240,098	\$ 88,311	\$ 159,042	\$ 67,914
Additions	1,386,088	689,334	103,913	164,660	138,075
Reductions	(1,365,245)	(709,916)	(74,036)	(167,341)	(102,751)
Ending balance	<u>\$ 1,419,502</u>	<u>\$ 219,516</u>	<u>\$ 118,188</u>	<u>\$ 156,361</u>	<u>\$ 103,238</u>
Due within one year	\$ 1,365,245	\$ 219,516	\$ 118,188	\$ 156,361	\$ 103,238
Due in more than one year	54,257	-	-	-	-

Note 12. Obligations under Capital Lease

The County entered into several lease agreements in prior years to acquire equipment and vehicles. The terms of these leases are, in effect, a purchase of the related asset contingent on the County's ability to appropriate funds as required by State statutes. The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 1,839,754
Less accumulated depreciation	(474,937)
	<u>\$ 1,364,817</u>

Primary Government	June 30, 2012 Balance
3.34% lease to acquire two graders and a tractor, payable in three annual installments of \$240,892	\$ 232,994
2.13% lease to acquire heavy equipment and vehicles, payable in three annual installments of \$300,497	294,229
	<u>\$ 527,223</u>

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Additionally, the County Events Complex entered into several lease agreements in prior years to acquire equipment and vehicles. The terms of these leases are, in effect, a purchase of the related asset contingent on the Events Complex's ability to appropriate funds as required by State statutes:

Asset	Events Complex
Machinery and equipment	\$ 302,111
Less accumulated depreciation	(135,511)
	<u>\$ 166,600</u>

Events Complex	June 30, 2012 Balance
4.36% lease to acquire a motor grader and utility tractor, payable in 60 monthly installments of \$3,795	\$ 22,484
4.20% lease to acquire a vehicle and scissor lift, payable in 60 monthly installments of \$1,810	12,494
	<u>\$ 34,978</u>

The following schedule summarizes the debt service requirements of these leases to maturity:

	Primary Government	Events Complex
Year ended June 30, 2013	\$ 541,389	\$ 35,441
Total minimum lease payments	541,389	35,441
Less: Amount representing interest	(14,166)	(463)
Present value of net minimum lease payments	527,223	34,978
Less: Capital lease payable, due within one year	(527,223)	(34,978)
Capital leases payable, due in more than one year	<u>\$ -</u>	<u>\$ -</u>

Note 13. Obligations Under Notes Payable and Subsequent Event

The Mental Health Board carries a \$1,500,000 note payable related to the purchase of land and a building. The agreement is contingent on the Mental Health Board's ability to appropriate funds as required by State statutes. The agreement initially bore interest at 6% with monthly payments of \$16,692 due the first of the month from July 1, 2004 until June 1, 2014. However, beginning July 1, 2009 the interest rate was adjusted to equal the published "Wall Street Journal" prime rate plus 2%, being 5.25% as of June 30, 2012. In addition, beginning July 1, 2009, monthly payments reduced to \$12,513 through June 1, 2014.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The following schedule summarizes the debt service requirements of this note to maturity:

Year ended June 30,	
2013	\$ 139,128
2014	134,097
	<hr/>
	\$ 273,225
	<hr/> <hr/>

During February 2003, the Mental Health Board entered into an agreement to lease part of the building discussed above to a third party. The agreement was originally for one year and has been extended to January 2013. Monthly rental income is \$10,000.

During the year ended June 30, 2012, the County entered into a loan agreement with the Events Complex so the Events Complex could purchase two 40 meter by 70 meter Clear Span Tents. The interest-free loan from the County to the Events Complex of \$824,000 is to be repaid in quarterly installments of \$41,200 over a 60-month period. The first installment is due in November 2012 with the final installment due in August 2017. As of June 30, 2012, the Events Complex only drew down \$312,000 of the \$824,000 available loan. Subsequent to June 30, 2012, the Events Complex drew down the remaining \$512,000 on the loan.

The following schedule summarizes the debt service requirements of this note, including the additional \$512,000 drawn after year end, to maturity:

Year ended June 30,	
2013	\$ 123,600
2014	164,800
2015	164,800
2016	164,800
2017	164,800
2018	41,200
	<hr/>
	\$ 824,000
	<hr/> <hr/>

To assist in covering operating cash flow needs, the Events Complex entered into a tax anticipation warrant on June 19, 2012. The Events Complex can draw up to 75% of the anticipated 2012-2013 fiscal year property tax revenue remaining uncollected, up to \$1,960,000 at any given time. All funds borrowed must be repaid by June 30, 2013.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 14. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Primary Government					
Capital leases	\$ 1,176,553	\$ -	\$ (649,330)	\$ 527,223	\$ 527,223
Discretely Presented Governmental Type Component Units					
Mental Health, note payable	405,252	-	(132,027)	273,225	139,128
Events Complex, note payable	-	312,000	-	312,000	123,600
Events Complex, capital leases	99,225	-	(64,247)	34,978	34,978

Note 15. Long-Term Debt – Memorial Hospital

Long-term debt for Memorial Hospital consists of:

	June 30, 2011	Additions	Reductions	June 30, 2012
Hospital Revenue Bonds,				
Series 2006B	\$ 18,725,000	\$ -	\$ (480,000)	\$ 18,245,000
Series 2008	7,500,000	-	(195,000)	7,305,000
	<u>\$ 26,225,000</u>	<u>\$ -</u>	<u>\$ (675,000)</u>	<u>25,550,000</u>
Less:				
Current maturities				(700,000)
Total long-term debt, net of current maturities				<u><u>\$ 24,850,000</u></u>

The terms and due dates of the Hospital's long-term debt at June 30, 2012 are as follows:

Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue Bonds Series 2006B, variable rate bonds, .43% as of June 30, 2012, due in varying annual installments to September 2037, secured by Hospital revenues.

Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue bonds Series 2008, variable rate bonds, .36% as of June 30, 2012, due in varying annual installments to September 2037, secured by Hospital revenues.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The County (Hospital) is required to have letters of credit for the Series 2006B and Series 2008 bonds. This requirement was made as bond holders have the ability to redeem the bonds at any time. In such circumstance where the bonds cannot be remarketed or there is a difference in the amount redeemed and the amount remarketed, the County will draw on the letter of credit. The beneficiary is the bond debt holder, Wells Fargo.

The letters of credit held with Key Bank are in the amount of \$41,246,761 for the Series 2006B Bonds, and \$7,832,809 for the Series 2008 Bonds. Both letters of credit expire September 28, 2013 and have a 10% interest rate.

Scheduled principal and interest payments on long-term debt are as follows:

Year ended June 30,	Principal	Interest	Total
2013	\$ 700,000	\$ 511,000	\$ 1,211,000
2014	720,000	497,000	1,217,000
2015	740,000	482,600	1,222,600
2016	760,000	467,800	1,227,800
2017	785,000	452,600	1,237,600
2018-2022	4,300,000	2,017,700	6,317,700
2023-2027	4,995,000	1,560,800	6,555,800
2028-2032	5,805,000	1,029,900	6,834,900
2033-2037	6,745,000	415,083	7,160,083
	<u>\$ 25,550,000</u>	<u>\$ 7,434,483</u>	<u>\$ 32,984,483</u>

Note 16. Operating Lease Commitments

The County has entered into several lease agreements for copiers and postage machines. The leases vary in ranges extending up to five years. The total minimum rental commitment at June 30, 2012 under these leases is as follows:

2013	\$ 52,119
2014	14,701
2015	3,308
	<u>\$ 70,128</u>

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 17. Contingencies and Commitments

The County and several of its component units participate in a number of Federally assisted grant programs which are monitored by various granting agencies. Expenditures may be disallowed by the granting agencies if the County is not in compliance with applicable laws, regulations, or specific grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects the amounts, if any, to be immaterial.

Litigation: The County has multiple claims and pending legal proceedings that generally involve the operations of the County. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the County. In the opinion of management and the County legal counsel, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the County's financial position, results of operations or cash flows.

Risk of loss: The County and its component units are subject to risk of loss from various events, including torts, theft, damage to assets, business interruption, errors and omissions, and job-related injuries to employees, as well as acts of God.

The County and its component units have purchased commercial insurance and workers' compensation coverage to minimize their risks of loss. The County has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The County has had no significant reductions in insurance coverage from coverage in the prior year.

Employees of the County are covered by the County's medical self-insurance plan. The County's costs for this plan are reflected in the funds paying the coverage, premiums and administrative costs. The self-insurance fund is reported as an internal service fund in the accompanying financial statements. The County has a contract with a third-party administrator to process payments. The County also maintains a stop-loss policy to limit the potential for individual and aggregate claims. Management has estimated an accrual for incurred but not reported (IBNR) claims.

At June 30, 2012, the IBNR was \$465,000. Changes in the IBNR from fiscal years 2012 and 2011 were as follows:

	Beginning of Fiscal Year Liability	Estimated Claims Incurred	Claim Payments	At Fiscal Year-End Liability
Fiscal Year 2010-2011	\$ 465,000	\$ 4,505,364	\$ (4,505,364)	\$ 465,000
Fiscal Year 2011-2012	\$ 465,000	\$ 4,064,033	\$ (4,064,033)	\$ 465,000

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 18. Insurance and Litigation – Memorial Hospital

Malpractice insurance: The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$5 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Self-funded health insurance: The Hospital self-funds health benefits for eligible employees and their dependents. Health insurance expense is recorded on an accrual basis. An accrued liability is recorded in the financial statements which estimates the claims incurred but not yet reported and claims reported but not yet paid. The Hospital has stop loss insurance to cover catastrophic claims. The Hospital expensed amounts representing the employer's portion of actual claims paid, adjusted for the actuarially determined estimates of liabilities relating to claims resulting from services provided prior to the respective fiscal period end. The Hospital recognized approximately \$2,976,000 and \$2,624,000 of expense during the years ended June 30, 2012 and 2011, respectively. The estimated liability relating to self-funded health insurance was \$400,000 as of June 30, 2012 and 2011.

Litigations, claims and disputes: The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Hospital.

The health care industry is subject to numerous laws and regulations of Federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the Hospital is in substantial compliance with current laws and regulations.

Note 19. Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 20. Commitments

As of June 30, 2012, the County has entered into several construction/engineering contracts resulting in commitments for future capital expenditures. The major projects are listed below. Although portions of the projects may have been completed and capitalized during 2012, the amounts below represent the activity pertaining to the County's portion of the contract as a whole.

	Expended to Date at June 30, 2012	Total Contract	Total Commitment at June 30, 2012
Primary Government:			
2012 Paint Striping	\$ -	\$ 217,498	\$ 217,498
2012 Paint Striping	14,447	52,304	37,857
2012 Chip Seal Project	-	599,335	599,335
Yellowstone Road Lighting	1,248	91,700	90,452
Peru Bridge	234	226,400	226,166
RS-GR Alternate Road	3,680	36,670	32,990
CDC Remodel (design)	37,030	228,450	191,420
CMAQ 2011	-	407,782	407,782
Circuit Court Construction	2,271,169	2,595,000	323,831
Total primary government	\$ 2,327,808	\$ 4,455,139	\$ 2,127,331

Note 21. Postemployment Benefits Other than Pensions (OPEB)

Plan description: The County participates in one single-employer defined benefit postemployment healthcare plan. Under this plan, the County allows retiring employees who meet certain age and/or service requirements as defined below to remain on the County's health insurance plan, as long as the retiring employee pays their full premium each month, less the sum of subsidies A, B and C where such amounts are defined as follows:

- i. Subsidy A per month – a monthly factor, as shown in the following table, multiplied by the total number of years of service at retirement:

<u>Current Age</u>	<u>Monthly Factor</u>
<65	\$11.50
65+	\$ 5.75

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

In the event that the retiree predeceases his or her spouse, Subsidy A will be applied to reduce the healthcare costs for the remaining lifetime of the survivor.

Subsidy A credits are not granted to participants who retire after March 15, 2011.

- ii. Subsidy B per month – only applies to retirees who retired prior to July 1, 2009, and provides a fixed monthly factor ranging from \$42.02 to \$157.16, depending upon the retiree’s age (under age 65 or 65 and above) and tier of benefits (i.e. employee only, employee and spouse, family, etc.). Subsidy B is not expected to increase in the future, but will be adjusted for changes in the number and types of dependents covered, if and when they occur.
- iii. Subsidy C per month – only applies to participants who elected to retire between November 22, 2010 and March 15, 2011 and signed the Early Retirement Agreement, and provides the Subsidy A monthly factor as defined in i. above. The limit on Subsidy C payments shall be \$30,000 less the amount of the cash incentive paid to the retiree at the time of retirement, if any.

The retired employee must meet the following age and/or service requirements in order to qualify for the plan:

- i. All participants excluding law enforcement – the earlier of the following:
 - a. age 60 and 8 years of service with the County, or
 - b. having 8 years of service with the County and being eligible to retire with full benefits under the Wyoming Retirement System by meeting one of the following criteria:
 - i. age 60 and 4 years of service with the Wyoming Retirement System, or
 - ii. the sum age and service with the Wyoming Retirement System equals 85.
- ii. Law enforcement - having 8 years of service with the County and being eligible to retire with full benefits under the Wyoming Retirement System by meeting one of the following criteria:
 - a. age 60 and 4 years of service with Wyoming Retirement System, or
 - b. 20 years of law enforcement service with Wyoming Retirement System.

The Board of County Commissioners (the “Board”) has the authority for establishing and amending this plan. This plan does not issue a separate report.

Funding policy: The County finances this program on a pay-as-you-go basis. The Board has the authority for establishing and amending the funding policy.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Annual OPEB cost and net OPEB obligation: The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

Annual required contribution	\$	427,746
Interest on net OPEB obligation		41,675
Adjustment to annual required contribution		(54,408)
Annual OPEB cost		<u>415,013</u>
Employer contributions		<u>(122,420)</u>
Increase in net OPEB obligation		292,593
Net OPEB obligation, beginning of year		<u>926,119</u>
 Net OPEB obligation, end of year	 \$	 <u><u>1,218,712</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011 and 2010 were as follows:

	<u>2012</u>	2011	2010
Annual OPEB cost	\$ 415,013	\$ 430,241	\$ 538,426
Percentage of OPEB cost			
	29.50%	0.00%	7.90%
Net OPEB obligation	\$ 1,218,712	\$ 926,119	\$ 495,878

Funded status and funding progress: The funded status of the plan as of July 1, 2010, being the actuarial valuation date, was as follows:

Actuarial accrued liability (a)	\$	4,613,168
Actuarial value of plan assets (b)		-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$</u>	<u>4,613,168</u>
 Funded ratio (b) / (a)		0.00%
Covered payroll (c)	\$	22,198,079
Unfunded actuarial accrued liability (funded excess) as a percentage of covered payroll ((a) - (b)) / (c)		20.78%

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial methods and assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

<i>Actuarial valuation date:</i>	July 1, 2010
<i>Actuarial cost method:</i>	Attained Age
<i>Amortization method:</i>	Level Dollar Basis
<i>Amortization period:</i>	29 years
<i>Asset valuation method:</i>	Fair value of assets
<i>Actuarial assumptions:</i>	
Discount rate:	4.5%
Healthcare cost trend rate (HCCTR):	Initial rate of 8.5%; Ultimate rate of 4.5%; Grading period of four years
<i>Assumed rates of increase applied to retiree premiums:</i>	Same as HCCTR

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 22. Interfund Receivables, Payables and Transfers

	Due from Other Funds	Due to Other Funds
General fund	\$ 77,303	\$ -
Jail tax fund	-	77,303
	<u>\$ 77,303</u>	<u>\$ 77,303</u>

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2012 are as follows:

	Transfers In	Transfers Out
General fund	\$ 500,000	\$ -
Jail tax fund	-	500,000
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Transfers were used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 23. Prior Period Adjustment

As of June 30, 2011, the General Fund recorded a receivable of \$430,567 within “Due from other governments,” which represented the total amount of Environmental Health expenses the General Fund paid on behalf of the Health Board during the year ended June 30, 2011. In addition, as of June 30, 2011, the Health Board recorded the same amount within “Due to other governments.” These balances were recorded as the County believed the Health Board would reimburse the General Fund for the Environmental Health expenses paid on their behalf.

However, during the year ended June 30, 2012, it became understood that the original intent of this arrangement included the fact that the Health Board would not be required to reimburse the General Fund, as the County had already reduced its fiscal year 2011 direct funding of the Health Board in order to compensate the General Fund for paying the Environmental Health expenses. As such, a prior period adjustment of \$430,567 has been recorded to increase the Health Board’s beginning net assets and decrease the General Fund’s beginning fund balance as the liability and receivable on the Health Board and General Fund’s books, respectively, should not have been recorded as of June 30, 2011.

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 24. Recent Pronouncements

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaces GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for most government pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 68 is effective for years beginning after June 15, 2014 with the effects of changes made to comply with this statement reported as adjustments to prior periods. The effect that the adoption of GASB Statement No. 68 will have on the County's financial statements has not been determined.

REQUIRED SUPPLEMENTARY INFORMATION

The County's required supplementary information includes the budgetary comparison schedule as described in the accompanying Note to Required Supplementary Information following the schedule and the schedule of funding progress.

SWEETWATER COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 31,987,481	\$ 31,987,481	\$ 34,151,659	\$ 2,164,178
Licenses and permits	1,365,488	1,365,488	1,476,854	111,366
Intergovernmental	8,532,227	10,711,918	8,843,367	(1,868,551)
Charges for services	780,447	782,788	1,570,666	787,878
Interest	439,115	439,115	524,516	85,401
Miscellaneous	738,756	796,922	93,078	(703,844)
Total revenues	43,843,514	46,083,712	46,660,140	576,428
Expenditures				
General government	17,384,419	15,467,499	14,257,317	1,210,182
Public safety	14,009,496	15,485,071	13,956,954	1,528,117
Road and bridge	3,741,617	3,783,110	3,618,945	164,165
Health, recreation and welfare	2,076,608	5,585,057	4,509,843	1,075,214
Conservation of natural resources	250,000	275,000	275,556	(556)
Capital outlay	6,820,986	8,614,952	5,504,649	3,110,303
Total expenditures	44,283,126	49,210,689	42,123,264	7,087,425
Excess (deficiency) of revenues over expenditures	(439,612)	(3,126,977)	4,536,876	7,663,853
Transfers from other funds	-	500,000	500,000	-
Proceeds from sale of capital assets	-	-	1,826	1,826
Net change in fund balance	\$ (439,612)	\$ (2,626,977)	\$ 5,038,702	\$ 7,665,679

SWEETWATER COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2012

Budgets

The statement of revenues, expenditures and changes in fund balance – budget and actual – general fund presents a comparison of the legally adopted budget with actual data. The County prepares its budget on a cash basis, and the revenues and expenditures presented in the aforementioned statement are on the modified accrual basis. Any differences in revenues and expenditures as a result of the difference in accounting basis are considered immaterial. Appropriations lapse at fiscal year end. All budget amendments are approved by the County Commissioners and are presented within the final budget figures.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

Wyoming State Statutes require the preparation of an annual budget which provides documentation that all sources and uses of County resources are properly planned, budgeted, and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which County monies may be expended.

The budget is adopted according to the following schedule:

1. On or before May 15, the Budget Officer shall prepare a tentative budget for each fund and file the budget with the governing body.
2. A summary of the tentative budget shall be entered into the minutes and the governing body shall publish the summary at least one week before the public hearing to adopt the budget.
3. The public hearing is held on the third Monday in July.
4. On the day of or the day following the public hearing, the County Commissioners, by resolution, make the necessary appropriations and adopt the budget, which subject to future amendment, shall be in effect for the next fiscal year.

SWEETWATER COUNTY, WYOMING

SCHEDULE OF FUNDING PROGRESS

June 30, 2012

Post Retirement Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 4,613,168	\$ 4,613,168	0%	\$ 22,198,079	20.78%
7/1/2009	\$ -	\$ 5,228,186	\$ 5,228,186	0%	\$ 24,177,827	21.63%

During fiscal year 2011, the County's postemployment healthcare plan was amended so that Subsidy A credits are not granted to participants who retire after March 15, 2011. In addition, the plan was amended to create Subsidy C credits.

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

The County's nonmajor governmental funds are described below:

Jail Tax Fund – used to account for resources legally restricted to expenditures for building and maintaining a new county jail.

SC Road Fund – used to account for resources legally restricted to expenditures for state and county road construction.

Enhanced 911 Fund – used to account for resources legally restricted to expenditures to administer the County's 911 service.

CDC Tax Fund – used to account for resources legally restricted to expenditures for purchasing, renovating and maintaining a child developmental center (CDC).

The County's nonmajor discretely presented governmental type component units are:

Museum Board

Recreation Board

Health Board

SWEETWATER COUNTY, WYOMING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

ASSETS	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	CDC Tax Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ 827,160	\$ 1,875,784	\$ 124,199	\$ 4,202,675	\$ 7,029,818
Due from other governments	-	64,913	83,279	1,405	149,597
Total assets	\$ 827,160	\$ 1,940,697	\$ 207,478	\$ 4,204,080	\$ 7,179,415
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants and vouchers payable	\$ 5,034	\$ 234	\$ 207,478	\$ 32,793	\$ 245,539
Due to other funds	77,303	-	-	-	77,303
Total liabilities	82,337	234	207,478	32,793	322,842
Fund Balances					
Restricted for:					
Jail maintenance and operations	744,823	-	-	-	744,823
State and county roads	-	1,940,463	-	-	1,940,463
CDC building	-	-	-	4,171,287	4,171,287
	744,823	1,940,463	-	4,171,287	6,856,573
Total liabilities and fund balances	\$ 827,160	\$ 1,940,697	\$ 207,478	\$ 4,204,080	\$ 7,179,415

SWEETWATER COUNTY, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	CDC Tax Fund	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 5,986,284	\$ 5,986,284
Intergovernmental revenues	-	693,401	-	-	693,401
Charges for services	-	-	429,284	-	429,284
Interest	-	4,589	3,183	1,383	9,155
Total revenues	-	697,990	432,467	5,987,667	7,118,124
Expenditures					
Current:					
Public safety	353,820	-	1,495,330	-	1,849,150
Road and bridge	-	846	-	-	846
Capital outlay	-	-	-	1,816,380	1,816,380
	353,820	846	1,495,330	1,816,380	3,666,376
Excess (deficiency) of revenues over expenditures	(353,820)	697,144	(1,062,863)	4,171,287	3,451,748
Other Financing Sources (Uses)					
Transfers to other funds	(500,000)	-	-	-	(500,000)
Net change in fund balances	(853,820)	697,144	(1,062,863)	4,171,287	2,951,748
Fund Balance, beginning	1,598,643	1,243,319	1,062,863	-	3,904,825
Fund Balance, ending	\$ 744,823	\$ 1,940,463	\$ -	\$ 4,171,287	\$ 6,856,573

SWEETWATER COUNTY, WYOMING

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS
June 30, 2012**

ASSETS	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units
Cash and investments	\$ 335,994	\$ 489,553	\$ 222,566	\$ 1,048,113
Receivables:				
Taxes and interest on taxes	250,407	475,028	2,694	728,129
Accounts and insurance credits, net	-	-	86,244	86,244
Grant receivable	-	-	26,647	26,647
Prepaid items	-	-	37,729	37,729
Capital assets being depreciated:				
Buildings and improvements	721,502	8,659,476	-	9,380,978
Equipment and furnishings	50,321	394,360	14,612	459,293
Accumulated depreciation	(460,813)	(7,392,575)	(3,531)	(7,856,919)
Total assets	\$ 897,411	\$ 2,625,842	\$ 386,961	\$ 3,910,214
LIABILITIES				
Liabilities				
Warrants and vouchers payable	\$ -	\$ 16,472	\$ 7,722	\$ 24,194
Accrued expenses	-	6,726	24,675	31,401
Deferred revenue	247,658	470,492	-	718,150
Compensated absences:				
Due within one year	9,177	33,397	60,664	103,238
Total liabilities	256,835	527,087	93,061	876,983
NET ASSETS				
Investment in capital assets, net of related debt	311,010	1,661,261	11,081	1,983,352
Restricted	9,500	-	-	9,500
Unrestricted	320,066	437,494	282,819	1,040,379
Total net assets	\$ 640,576	\$ 2,098,755	\$ 293,900	\$ 3,033,231

SWEETWATER COUNTY, WYOMING

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS
For the Year Ended June 30, 2012**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units	
Museum Board									
Health, recreation and welfare	\$ 395,268	\$ 4,548	\$ -	\$ -	\$ (390,720)	\$ -	\$ -	\$ (390,720)	
Recreation Board									
Health, recreation and welfare	701,589	-	-	-	-	(701,589)	-	(701,589)	
Health Board									
Health, recreation and welfare	2,056,290	506,639	1,622,020	-	-	-	72,369	72,369	
Total nonmajor component units	\$ 3,153,147	\$ 511,187	\$ 1,622,020	\$ -	(390,720)	(701,589)	72,369	(1,019,940)	
General Revenues									
Taxes:									
Property taxes					324,358	498,208	2,761	825,327	
Sales and other taxes					4,520	36,241	3,408	44,169	
Interest income					54	874	791	1,719	
Total general revenues					328,932	535,323	6,960	871,215	
Change in net assets					(61,788)	(166,266)	79,329	(148,725)	
Net Assets (Deficit), beginning, as previously reported					702,364	2,265,021	(215,996)	2,751,389	
Prior period adjustment					-	-	430,567	430,567	
Net Assets, beginning, as restated					702,364	2,265,021	214,571	3,181,956	
Net Assets, ending					\$ 640,576	\$ 2,098,755	\$ 293,900	\$ 3,033,231	

SWEETWATER COUNTY, WYOMING

COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS

FUND BASIS

June 30, 2012

ASSETS	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
Cash and investments	\$ 2,894,127	\$ 912,723	\$ 1,650,149	\$ 335,994	\$ 489,553	\$ 222,566	\$ 6,505,112
Due from Library Foundation	-	-	306,955	-	-	-	306,955
Receivables:							
Taxes and interest on taxes	670,095	1,861,052	3,084,130	250,407	475,028	2,694	6,343,406
Accounts and insurance credits	736,990	68,247	3,633	-	-	86,244	895,114
Grants	111,503	702,573	-	-	-	26,647	840,723
Inventories	-	44,295	27,965	-	-	-	72,260
Prepaid items	53,468	39,162	-	-	-	37,729	130,359
Total assets	\$ 4,466,183	\$ 3,628,052	\$ 5,072,832	\$ 586,401	\$ 964,581	\$ 375,880	\$ 15,093,929
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants and vouchers payable	\$ 124,460	\$ 842,828	\$ 104,859	\$ -	\$ 16,472	\$ 7,722	\$ 1,096,341
Accrued expenses	-	48,973	39,654	-	6,726	24,675	120,028
Deferred revenue	668,403	2,569,042	3,077,767	249,722	473,974	2,441	7,041,349
Total liabilities	792,863	3,460,843	3,222,280	249,722	497,172	34,838	8,257,718
Fund Balances							
Nonspendable:							
Inventories	-	44,295	27,965	-	-	-	72,260
Prepaid items	53,468	39,162	-	-	-	37,729	130,359
Restricted for:							
Endowment challenge program	-	-	306,955	-	-	-	306,955
Tipple building	-	-	-	9,500	-	-	9,500
Committed to:							
Water plant	-	-	-	-	46,644	-	46,644
Unassigned	3,619,852	83,752	1,515,632	327,179	420,765	303,313	6,270,493
Total fund balances	3,673,320	167,209	1,850,552	336,679	467,409	341,042	6,836,211
Total liabilities and fund balances	\$ 4,466,183	\$ 3,628,052	\$ 5,072,832	\$ 586,401	\$ 964,581	\$ 375,880	\$ 15,093,929

SWEETWATER COUNTY, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL TYPE COMPONENT UNITS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012**

	Mental Health	Events Complex	Library System	Nonmajor Component Units		
				Museum Board	Recreation Board	Health Board
Total fund balances - governmental type component units	\$ 3,673,320	\$ 167,209	\$ 1,850,552	\$ 336,679	\$ 467,409	\$ 341,042
Amounts reported for the governmental type component unit in the statement of net assets is different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,648,392	8,920,305	706,698	311,010	1,661,261	11,081
Long-term liabilities, including notes payable, capital leases payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(492,741)	(465,166)	(156,361)	(9,177)	(33,397)	(60,664)
Some of the component unit's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	5,034	12,384	18,567	2,064	3,482	2,441
Net assets of governmental type component units	\$ 6,834,005	\$ 8,634,732	\$ 2,419,456	\$ 640,576	\$ 2,098,755	\$ 293,900

SWEETWATER COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
DISCRETELY PRESENTED COMPONENT UNITS
FUND BASIS
For the Year Ended June 30, 2012

	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
Revenues							
Taxes	\$ 881,767	\$ 2,095,997	\$ 3,315,289	\$ 329,300	\$ 535,180	\$ 7,701	\$ 7,165,234
Intergovernmental	7,206,100	2,809,294	306,955	-	-	1,622,020	11,944,369
Charges for services	2,328,617	1,029,767	-	4,548	-	506,639	3,869,571
Interest income	3,664	880	14,088	54	874	791	20,351
Other income	13,644	276,744	113,474	-	-	-	403,862
Total revenues	10,433,792	6,212,682	3,749,806	333,902	536,054	2,137,151	23,403,387
Expenditures							
Current:							
Health, recreation and welfare	9,211,192	4,260,985	3,599,966	359,930	549,947	2,035,672	20,017,692
Capital outlay	15,050	3,196,390	98,207	22,112	311,948	-	3,643,707
Total expenditures	9,226,242	7,457,375	3,698,173	382,042	861,895	2,035,672	23,661,399
Excess (deficiency) of revenue over expenditures	1,207,550	(1,244,693)	51,633	(48,140)	(325,841)	101,479	(258,012)
Other Financing Sources							
Proceeds from issuance of debt	-	312,000	-	-	-	-	312,000
Net change in fund balances	1,207,550	(932,693)	51,633	(48,140)	(325,841)	101,479	53,988
Fund Balances							
Beginning, as previously reported	2,465,770	1,099,902	1,798,919	384,819	793,250	(191,004)	6,351,656
Prior period adjustment	-	-	-	-	-	430,567	430,567
Beginning, as restated	2,465,770	1,099,902	1,798,919	384,819	793,250	239,563	6,782,223
Ending	\$ 3,673,320	\$ 167,209	\$ 1,850,552	\$ 336,679	\$ 467,409	\$ 341,042	\$ 6,836,211

SWEETWATER COUNTY, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL TYPE COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	Mental Health	Events Complex	Library System	Nonmajor Component Units		
				Museum Board	Recreation Board	Health Board
Net Change in Fund Balances - Governmental Type Component Units	\$ 1,207,550	\$ (932,693)	\$ 51,633	\$ (48,140)	\$ (325,841)	\$ 101,479
Amounts reported for the governmental type component units in the statement of activities are different because:						
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. This is the amount by which capital purchases exceeded depreciation during the current period.	(254,110)	2,732,920	58,762	(13,226)	176,473	(1,461)
The statement of activities reports a decrease in revenues due to current activity in deferred revenues which is not reported at the fund level.	(834)	(3,029)	(3,465)	(422)	(731)	(1,532)
The liability for compensated absences is not recorded in the fund level, but is reported in the statement of net assets. This is the current year change in the liability.	20,582	(29,877)	2,681	-	(16,167)	(19,157)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is off-set by the total of capital leases issued during the year, if any.	-	64,247	-	-	-	-
The long-term liability for notes payable is not recorded in the fund level, but is reported in the statement of net assets. This is the current year change in the liability.	132,027	(312,000)	-	-	-	-
Change in net assets of governmental type component unit	\$ 1,105,215	\$ 1,519,568	\$ 109,611	\$ (61,788)	\$ (166,266)	\$ 79,329

SWEETWATER COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

	Federal CFDA Number	Expenditures
U.S. Department of the Interior		
Payments in lieu of taxes:		
Administered by Sweetwater County	15.226	\$ <u>2,924,621</u>
U.S. Department of Health and Human Services		
<i>Passed through Wyoming Department of Health</i>		
Temporary Assistance for Needy Families:		
Administered by Sweetwater County Board of Health	93.558	149,635
Block Grants for Prevention and Treatment of Substance Abuse:		
Administered by Southwest Counseling Service	93.959	316,879
Public Health Emergency Preparedness:		
Administered by Sweetwater County Board of Health	93.069	108,157
Block Grants for Community Mental Health Services:		
Administered by Southwest Counseling Service	93.958	40,000
<i>Passed through Sweetwater County Tripartite Board</i>		
Community Services Block Grant:		
Administered by Sweetwater County	93.569	154,250
<i>Passed through Wyoming Department of Family Services</i>		
Child Support Enforcement:		
Administered by Sweetwater County	93.563	23,236
Temporary Assistance for Needy Families:		
Administered by Sweetwater County	93.558	48,788
Community-Based Child Abuse Prevention Grants		
Administered by Sweetwater County Board of Health	93.590	9,331
Total U.S. Department of Health and Human Services		<u>850,276</u>
U.S. Department of Agriculture		
<i>Passed through Wyoming Department of Health</i>		
Schools and Roads - Grants to Counties:		
Administered by Sweetwater County	10.666	46,999
<i>Passed through Wyoming State Forestry Division</i>		
Cooperative Forestry Assistance:		
Administered by Sweetwater County	10.664	<u>2,036</u>
Total U.S. Department of Agriculture		<u>49,035</u>
U.S. Department of Commerce		
<i>Passed through Wyoming Office of Homeland Security</i>		
Public Safety Interoperable Communications Grant Program:		
Administered by Sweetwater County	11.555	<u>234,768</u>

Continued

SWEETWATER COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2012

	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
<i>Passed through Wyoming Department of Transportation</i>		
Alcohol Open Container Requirements:		
Administered by Sweetwater County	20.607	\$ 8,459
Highway Planning and Construction:		
Administered by Sweetwater County	20.205	242,845
Highway Safety Cluster:		
State and Community Highway Safety:		
Administered by Sweetwater County	20.600	5,875
Alcohol Impaired Driving Countermeasures Incentives Grants:		
Administered by Sweetwater County	20.601	6,137
Total Highway Safety Cluster		<u>12,012</u>
<i>Passed through Wyoming-Office of Homeland Security:</i>		
Interagency Hazardous Materials Public Sector Training and Planning Grants:		
Administered by Sweetwater County	20.703	2,031
Total U.S. Department of Transportation		<u><u>265,347</u></u>
U.S. Department of Justice		
<i>Passed through Wyoming Department of Family Services</i>		
Juvenile Accountability Block Grants:		
Administered by Sweetwater County	16.523	21,129
<i>Passed through Volunteers of America</i>		
Juvenile Justice and Delinquency Prevention - Allocation to States:		
Administered by Sweetwater County	16.540	14,914
<i>Passed through Wyoming Division of Criminal Investigation</i>		
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)		
Administered by Sweetwater County	ARRA-16.803	83,370
Total U.S. Department of Justice		<u><u>119,413</u></u>
Executive Office of the President		
<i>Passed through Wyoming Division of Criminal Investigation</i>		
High Intensity Drug Trafficking Area (HIDTA) Program:		
Administered by Sweetwater County	95.001	<u>84,358</u>
U.S. Department of Homeland Security		
<i>Passed through Wyoming-Office of Homeland Security</i>		
Homeland Security Grant Program:		
Administered by Sweetwater County	97.067	<u>73,213</u>
U.S. Department of Energy		
<i>Passed through Wyoming Business Council, State Energy Office</i>		
State Energy Program - Recovery Act:		
Administered by Sweetwater County	ARRA-81.041	<u>669,200</u>
Total expenditures of Federal awards		<u><u>\$ 5,270,231</u></u>

SWEETWATER COUNTY, WYOMING

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Significant Accounting Policies

The following information regarding the schedule of expenditures of Federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of, the Federal awards.

Basis of accounting: The schedule of expenditures of Federal awards is prepared on the cash basis of accounting, which is generally utilized by the County for Federal reporting purposes, whereby expenditures are reported when paid.

The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

COMPLIANCE AND INTERNAL CONTROL

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Sweetwater County, Wyoming
Green River, Wyoming

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sweetwater County, Wyoming (the "County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 29, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financials statements of Memorial Hospital of Sweetwater County (the "Hospital"), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-01 through 2012-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-04.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Mc Gee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 29, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners
Sweetwater County, Wyoming
Green River, Wyoming

Compliance

We have audited the compliance of Sweetwater County, Wyoming (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. The County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Sweetwater County, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 29, 2013

SWEETWATER COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

B. Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.555	Public Safety Interoperable Communications
15.226	Payments in Lieu of Taxes
20.205	Highway Planning and Construction
ARRA-81.041	State Energy Program - Recovery Act
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

SWEETWATER COUNTY, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

II. FINANCIAL STATEMENT FINDINGS

2012-01: Audit Adjustments

Condition: As part of our audit, significant adjustments were proposed and recorded in order to properly state the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Criteria: Under professional standards, the control deficiency exists as County personnel did not identify the adjusting journal entries, which were significant to the County's financial statements prepared in accordance with GAAP.

Cause: The County recently hired an Accounting Manager with experience in financial statements prepared in accordance with GAAP. However, due to time limitations expressed by the Accounting Manager in preparing the financial statements for the audit, all necessary adjustments were not identified.

Effect: Significant adjustments identified during the audit included, but were not limited to:

- Recognizing cash and revenue in the CDC Tax Fund relating to additional collections of the one percent specific purpose sales and use excise tax.
- Properly recording additions and deletions of property and equipment.
- Accruing retainage payable and other liabilities.

Recommendation: We recommend the County establish policies and procedures to ensure that complete and accurate information is available in a timely manner to properly record transactions in accordance with GAAP. These policies and procedures would include processes to ensure that all financial statement balances are properly supported by accurate records, balances are adjusted to the proper amounts, and reconciliations are performed as necessary.

Auditee response: The Accounting Manager will be involved in establishing policies and procedures to ensure that complete and accurate information is available to properly record transactions in accordance with GAAP.

SWEETWATER COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2012

2012-02: Segregation of Duties

Condition: During the course of our audit, we noted several instances where there is not an adequate segregation of duties. At the County, we noted that one individual has authority to write checks and post journal entries. Several employees have access to the check printer, check stock, printed checks and the payroll and accounts payable system. The purchasing department has the authority to authorize and create new vendors within the accounting system, enter invoices, and authorize all disposals. We also noted that several employees have the ability to request goods or services and also have the ability to approve the payment of those same goods or services.

At the component unit level, we noted a segregation of duties issue as well. The Sweetwater County Museum and Sweetwater County Recreation Board are not large enough to permit an adequate segregation of duties for an effective system of internal accounting control in all respects.

Criteria: Internal controls are designed to safeguard assets and help prevent loss from employee dishonesty or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

Cause: The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of internal checks on the accuracy and reliability of the accounting records. While we recognize the Museum and Recreation Board are not large enough to permit a segregation of duties for an effective system of internal accounting control, we believe that it is important that officials be aware that the condition does exist.

Effect: Without properly designed internal control systems, the County could be susceptible to misappropriation of assets (theft of money) and/or inaccurate financial reporting.

Recommendation: We recommend that current internal control policies and procedures be scrutinized to ensure that proper segregation is obtained when possible.

Auditee response: The County will analyze the procedures in place and will develop and implement new internal control policies and procedures to better segregate duties.

SWEETWATER COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2012

2012-03: Journal Entries

Condition: During the year ended June 30, 2012, the County did not have a review process in place over journal entries that are posted to the accounting system. On June 30, 2012, the County implemented a review process over journal entries. However, the personnel responsible for performing the review also have the authority to initiate and record journal entries. In addition, the County does not have a control system in place to identify journal entries that are posted to the accounting system outside the normal course of business.

Criteria: The County should have a control system that allows them to monitor journal entries that are posted to the system to ensure the propriety of all entries for the entire fiscal year. In addition, the control system should include adequate segregation of duties to ensure any journal entries initiated and recorded by the individual responsible for reviewing journal entries are reviewed by another individual.

Cause: The County did not establish a control system to monitor journal entries for the entire fiscal year. In addition, the review process implemented at year end does not adequately segregate duties for the individual performing the review.

Effect: The inability to identify journal entries outside the normal course of business as well as the lack of an adequate review process prevents the County from appropriately monitoring adjustments that are made to the financial statements throughout the year.

Recommendation: We recommend the County develop and implement policies to track journal entries outside the normal course of business and scrutinize current internal control policies and procedures to ensure that proper segregation is obtained when possible.

Auditee response: On June 30, 2012, the County implemented a review process and a control system to prepare, review, and monitor journal entries posted to the accounting system. The County will further analyze these procedures and will develop and implement additional policies and procedures to better segregate duties.

SWEETWATER COUNTY, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

2012-04: Budgetary Compliance

Condition: During fiscal year 2012, the Events Complex requested additional funding of \$1,200,000 from the County. The Commissioners approved this request and amended the County's budget to allow for the additional spending. The Events Complex Board amended its budget to allow for the spending of additional funding. However, the County did not officially approve the Events Complex amended budget.

Criteria: State statute 16-4-111(c) Adoption of Budget states "Boards, the members of which are appointed by the county commissioners, shall expend funds only as authorized by the approved budget unless a departure from the budget is authorized by the board of county commissioners."

Cause: The County Commissioners believed that by approving the Events Complex request for funds they were approving the change to the Events Complex budget.

Effect: See condition.

Recommendation: We recommend that when the component units of the County amend their budget to increase their spending authority they have the County Commissioners approve their budget amendment as well.

Auditee Response: The Board of County Commissioners shall approve all necessary budget amendments for component units as per State statute 16-4-111(c).

All component units shall request budget amendments, prior to exceeding the budget.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SWEETWATER COUNTY, WYOMING

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2012

There were no Federal audit findings in the prior year.