

**SWEETWATER COUNTY, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**JUNE 30, 2009**

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**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, 2009, 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 \$97,344,925 and whose revenues totaled \$52,339,017 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, 2009, 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 February 12, 2010, on our consideration 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.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 50 and 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McGee, Hearne & Paig, LLP*

Cheyenne, Wyoming  
February 12, 2010

# 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, 2009. 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 \$95,680,435 (*net assets*). Of this amount, \$25,892,618 (*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 \$171,428,120 and unrestricted net assets were \$52,351,448. 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 \$28,416,401, a decrease of \$2,482,632 from the prior year. Of this amount, \$27,338,178 is available for spending at the County's discretion (*unreserved fund balance*).
- At the end of the year, the unreserved fund balance for the general fund was \$23,231,277 or 57% of total general fund expenditures.
- Total debt (capital leases) for the primary government increased by \$592,139 during the year. During the year, the County entered into various capital lease agreements and made payments on existing debt. No new debt was incurred other than capital leases.

### 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. Three other governmental funds are reported. A summary of the three 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 starting on page 50.

**Other information.** Combining and individual fund statements and schedules can be found starting on page 52 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)

	2009			2008		
	Primary	Component Units		Primary	Component Units	
	Government	Governmental	Business-type	Government	Governmental	Business-type
	Activities	Activities	Activities	Activities	Activities	Activities
Current and other assets	\$ 66.98	\$ 14.69	\$ 38.56	\$ 57.74	\$ 15.09	\$ 52.30
Capital assets	67.81	13.01	58.79	61.46	12.79	45.66
<b>Total assets</b>	<b>134.79</b>	<b>27.70</b>	<b>97.35</b>	<b>119.20</b>	<b>27.88</b>	<b>97.96</b>
Current liabilities	37.64	9.66	8.71	26.52	10.78	14.51
Non-current liabilities	1.47	0.70	30.23	1.19	0.96	32.50
<b>Total liabilities</b>	<b>39.11</b>	<b>10.36</b>	<b>38.94</b>	<b>27.71</b>	<b>11.74</b>	<b>47.01</b>
Net assets:						
Investment in capital assets, net of related debt	65.68	12.09	36.69	59.93	11.52	34.71
Restricted	4.11	-	0.70	7.35	-	0.74
Unrestricted	25.89	5.25	21.02	24.21	4.62	15.50
<b>Total net assets</b>	<b>\$ 95.68</b>	<b>\$ 17.34</b>	<b>\$ 58.41</b>	<b>\$ 91.49</b>	<b>\$ 16.14</b>	<b>\$ 50.95</b>

As depicted, at June 30, 2009, the County's Primary government and component unit assets exceeded liabilities by approximately \$95.68 and \$75.75 million (net assets) respectively. 69% and 64% 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 \$4.11 million is restricted to expenditures in the Jail Tax Fund, SC Road Fund and Enhanced 911 Fund.

**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 2009.

**Summary of Changes in Net Assets**  
(In Millions)

	2009			2008		
	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	\$ 2.19	\$ 3.65	\$ 43.80	\$ 1.27	\$ 3.58	\$ 41.10
Operating grants	5.14	7.95	-	7.02	6.72	1.08
Capital grants and cont.	5.58	0.02	0.01	0.22	-	2.00
General Revenues:						
Property taxes	18.54	8.98	0.70	19.25	8.96	-
Sales taxes	12.46	0.89	7.20	12.30	0.67	5.99
Licenses and permits	1.25	-	-	1.40	-	-
Other income	0.13	0.62	0.39	1.38	1.31	0.35
Interest income	1.74	0.16	0.24	1.86	0.45	0.45
Transfers, donations and losses	(3.91)	-	-	(0.34)	0.39	-
Total revenues	<u>43.12</u>	<u>22.27</u>	<u>52.34</u>	<u>44.36</u>	<u>22.08</u>	<u>50.97</u>
Expenses:						
General government	20.05	-	-	25.33	-	-
Public safety	10.61	-	-	10.58	-	-
Road and bridge	8.03	-	-	4.37	-	-
Health, recreation and welfare	0.09	21.07	-	0.05	19.58	-
Conservation of natural resources	0.15	-	-	0.16	-	-
Memorial Hospital of Sweetwater County	-	-	44.88	-	-	41.49
Total expenses	<u>38.93</u>	<u>21.07</u>	<u>44.88</u>	<u>40.49</u>	<u>19.58</u>	<u>41.49</u>
Change in net assets	4.19	1.20	7.46	3.87	2.50	9.48
Net assets-Beginning	<u>91.49</u>	<u>16.14</u>	<u>50.95</u>	<u>87.62</u>	<u>13.64</u>	<u>41.47</u>
Net assets-Ending	<u>\$ 95.68</u>	<u>\$ 17.34</u>	<u>\$ 58.41</u>	<u>\$ 91.49</u>	<u>\$ 16.14</u>	<u>\$ 50.95</u>

**Governmental activities.** Governmental activities for the primary government increased the County's net assets by approximately \$4.19 million. The key elements of this increase are as follows:

- Property taxes decreased by approximately \$.71 million. This is a 4% decrease over the prior year. Sales tax revenues increased by approximately \$.16 million for a 1% increase over the prior year.
- General government is the largest expenditure program accounting for 52% of the total expenditures for the County. Public safety is second at 27% and Road and bridge is third with 21%.
- Primary government expenditures decreased by approximately \$1.56 million or 3.9% under 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 increased by approximately \$1.37 million or 3% over the prior year.
- Expenses increased by approximately \$3.39 million or 8% over the prior year.
- Revenues were in excess of expenditures increasing net assets by approximately \$7.46 million.

**General Fund Budgetary Highlights**

(In Millions)

	2009				2008			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
<b>Revenues:</b>								
Taxes	\$ 33.31	\$ 31.32	\$ 31.02	\$ (0.30)	\$ 33.69	\$ 33.69	\$ 31.62	\$ (2.07)
Licenses and permits	1.46	1.47	1.25	(0.22)	1.24	1.24	1.40	0.16
Intergovernmental	4.54	7.22	4.50	(2.72)	7.46	9.79	6.36	(3.43)
Charges for services	1.60	1.60	1.81	0.21	1.53	1.53	0.95	(0.58)
Interest	0.65	0.65	1.47	0.82	0.78	0.78	1.51	0.73
Miscellaneous	0.99	0.99	0.14	(0.85)	0.79	0.79	1.43	0.64
Total revenues	42.55	43.25	40.19	(3.06)	45.49	47.82	43.27	(4.55)
<b>Expenditures:</b>								
General government	21.84	22.23	17.25	4.98	37.58	37.70	27.79	9.91
Public safety	12.30	12.77	10.21	2.56	12.90	13.15	11.16	1.99
Road and bridge	6.22	6.22	4.43	1.79	5.77	5.77	5.50	0.27
Health, recreation and welfare	0.06	0.10	0.09	0.01	0.06	0.06	0.05	0.01
Conservation of natural resources	0.22	0.22	0.13	0.09	0.22	0.22	0.16	0.06
Capital outlay	10.47	10.24	7.32	2.92	-	-	-	-
Total expenditures	51.11	51.78	39.43	12.35	56.53	56.90	44.66	12.24
<b>Net change in Fund Balance</b>								
	\$ (8.56)	\$ (8.53)	\$ 0.76	\$ 9.29	\$ (11.04)	\$ (9.08)	\$ (1.39)	\$ 7.69

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 under 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 \$80.80 million in a variety of capital assets, as reflected in the following schedule, which represents an increase of \$6.56 million or 8.84% 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, 2009. Additional information on the County's capital assets can be found in Note 9 of this report.

#### Primary Government

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 1,098,997	\$ -	\$ -	\$ -	\$ 1,098,997
Construction in progress	9,187,723	7,835,341	-	(5,894,386)	11,128,678
Total capital assets not being depreciated	<u>10,286,720</u>	<u>7,835,341</u>	<u>-</u>	<u>(5,894,386)</u>	<u>12,227,675</u>
Capital assets being depreciated:					
Buildings and improvements	22,462,244	449,257	(20,000)	1,714,633	24,606,134
Equipment and furnishings	12,990,238	2,710,168	(890,846)	-	14,809,560
Infrastructure	96,001,344	3,481,823	(4,702,476)	4,179,753	98,960,444
Total capital assets being depreciated	<u>131,453,826</u>	<u>6,641,248</u>	<u>(5,613,322)</u>	<u>5,894,386</u>	<u>138,376,138</u>
Less: Accumulated depreciation:					
Buildings and improvements	(6,948,788)	(210,534)	-	-	(7,159,322)
Equipment and furnishings	(8,018,381)	(1,226,774)	733,005	-	(8,512,150)
Infrastructure	(65,312,027)	(2,602,204)	788,200	-	(67,126,031)
Total accumulated depreciation	<u>(80,279,196)</u>	<u>(4,039,512)</u>	<u>1,521,205</u>	<u>-</u>	<u>(82,797,503)</u>
Net depreciable assets	<u>51,174,630</u>	<u>2,601,736</u>	<u>(4,092,117)</u>	<u>5,894,386</u>	<u>55,578,635</u>
Total net capital assets	<u>\$ 61,461,350</u>	<u>\$ 10,437,077</u>	<u>\$ (4,092,117)</u>	<u>\$ -</u>	<u>\$ 67,806,310</u>

**Component Units**

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Construction in progress	\$ 2,049,410	\$ 1,143,288	\$ -	\$ (3,068,194)	\$ 124,504
Capital assets being depreciated:					
Buildings and improvements	25,731,454	169,480	-	3,068,194	28,969,128
Equipment and furnishings	3,010,588	88,873	-	-	3,099,461
Total capital assets being depreciated	<u>28,742,042</u>	<u>258,353</u>	<u>-</u>	<u>3,068,194</u>	<u>32,068,589</u>
Less: Accumulated depreciation:					
Buildings and improvements	(16,283,376)	(967,282)	-	-	(17,250,658)
Equipment and furnishings	(1,714,485)	(215,565)	-	-	(1,930,050)
Total accumulated depreciation	<u>(17,997,861)</u>	<u>(1,182,847)</u>	<u>-</u>	<u>-</u>	<u>(19,180,708)</u>
Net depreciable capital assets	<u>10,744,181</u>	<u>(924,494)</u>	<u>-</u>	<u>3,068,194</u>	<u>12,887,881</u>
Total net capital assets	<u>\$ 12,793,591</u>	<u>\$ 218,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,012,385</u>

**Business-Type Activities**

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 18,245	\$ -	\$ -	\$ -	\$ 18,245
Construction in progress	33,180,956	16,490,754	-	(31,842,520)	17,829,190
Total capital assets not being depreciated	<u>33,199,201</u>	<u>16,490,754</u>	<u>-</u>	<u>(31,842,520)</u>	<u>17,847,435</u>
Capital assets being depreciated:					
Buildings and improvements	16,653,569	-	-	29,912,475	46,566,044
Equipment and furnishings	28,651,687	273,410	-	1,930,045	30,855,142
Total capital assets being depreciated	<u>45,305,256</u>	<u>273,410</u>	<u>-</u>	<u>31,842,520</u>	<u>77,421,186</u>
Less: Accumulated depreciation:					
Buildings and improvements	(13,122,742)	(821,295)	-	-	(13,944,037)
Equipment and furnishings	(19,720,932)	(2,813,991)	-	-	(22,534,923)
Total accumulated depreciation	<u>(32,843,674)</u>	<u>(3,635,286)</u>	<u>-</u>	<u>-</u>	<u>(36,478,960)</u>
Net depreciable assets	<u>12,461,582</u>	<u>(3,361,876)</u>	<u>-</u>	<u>31,842,520</u>	<u>40,942,226</u>
Total net capital assets	<u>\$ 45,660,783</u>	<u>\$ 13,128,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,789,661</u>

## Long-term debt

At year-end, the County had \$3,454,693 in long-term debt. In addition, governmental-type component units of the County had \$1,547,105 in long-term debt and the business-type component unit of the County had \$31,134,185 in long-term debt. Debt consists of Compensated absences, Capital leases, Hospital Revenue Bonds and a note payable. State statute allows the County to have 2% of its assessed valuation in bonded debt. Additional information on the County's long-term debt can be found in Notes 11 through 15 of this report.

### Primary Government

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Due within one year
Compensated absences	\$ 1,274,965	\$ 1,138,111	\$ (1,083,777)	\$ 1,329,299	\$ 1,083,777
Capital leases	<u>1,533,255</u>	<u>1,506,310</u>	<u>(914,171)</u>	<u>2,125,394</u>	<u>901,052</u>
Total long-term liabilities	<u>\$ 2,808,220</u>	<u>\$ 2,644,421</u>	<u>\$ (1,997,948)</u>	<u>\$ 3,454,693</u>	<u>\$ 1,984,829</u>

### Governmental-Type Component Units

Compensated absences	\$ 569,218	\$ 1,175,519	\$ (1,114,609)	\$ 630,128	\$ 621,286
Notes payable	803,414	-	(153,979)	649,435	118,894
Capital leases	<u>462,819</u>	<u>-</u>	<u>(195,277)</u>	<u>267,542</u>	<u>106,766</u>
Total long-term liabilities	<u>\$ 1,835,451</u>	<u>\$ 1,175,519</u>	<u>\$ (1,463,865)</u>	<u>\$ 1,547,105</u>	<u>\$ 846,946</u>

### Business-Type Component Unit

Hospital revenue bonds	<u>\$ 37,042,298</u>	<u>\$ -</u>	<u>\$ (6,645,000)</u>	<u>\$ 30,397,298</u>	<u>\$ 165,000</u>
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## 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, 2009

	Primary Government		Component Units	
	Governmental Activities	Governmental Activities	Business-Type Activity Memorial Hospital	Total
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 20,705,199	\$ 5,504,854	\$ 11,069,968	\$ 16,574,822
Due from other governments	1,541,318	-	-	-
Accounts receivable, net	28,502,221	8,918,621	8,398,274	17,316,895
Grants receivable	632,374	164,232	-	164,232
Inventories	419,307	44,295	1,679,572	1,723,867
Prepaid items	350,404	58,871	380,837	439,708
<b>Total current assets</b>	<b>52,150,823</b>	<b>14,690,873</b>	<b>21,528,651</b>	<b>36,219,524</b>
Noncurrent Assets				
Cash and investments	14,830,804	-	15,471,927	15,471,927
Notes receivable	-	-	460,757	460,757
Rental property, net	-	-	620,240	620,240
Deferred financing costs	-	-	473,689	473,689
Capital assets not being depreciated:				
Land	1,098,997	-	18,245	18,245
Construction in progress	11,128,678	124,504	17,829,190	17,953,694
Capital assets being depreciated:				
Buildings and improvements	24,606,134	28,969,128	46,566,044	75,535,172
Equipment and furnishings	14,809,560	3,099,461	30,855,142	33,954,603
Infrastructure	98,960,444	-	-	-
Accumulated depreciation	(82,797,503)	(19,180,708)	(36,478,960)	(55,659,668)
<b>Total noncurrent assets</b>	<b>82,637,114</b>	<b>13,012,385</b>	<b>75,816,274</b>	<b>88,828,659</b>
<b>Total assets</b>	<b>134,787,937</b>	<b>27,703,258</b>	<b>97,344,925</b>	<b>125,048,183</b>
<b>LIABILITIES</b>				
Current Liabilities				
Warrants and vouchers payable	4,528,255	646,614	2,292,785	2,939,399
Accrued liabilities	398,077	56,788	1,119,736	1,176,524
Court bonds and other funds held	48,495	-	-	-
Deferred revenue	30,677,982	8,111,797	-	8,111,797
Construction and retainage payables	-	-	4,391,488	4,391,488
Estimated third-party payor settlements	-	-	-	-
Notes payable, due within one year	-	118,894	165,000	283,894
Capital leases payable, due within one year	901,052	106,766	-	106,766
Compensated absences, due within one year	1,083,777	621,286	736,887	1,358,173
<b>Total current liabilities</b>	<b>37,637,638</b>	<b>9,662,145</b>	<b>8,705,896</b>	<b>18,368,041</b>
Noncurrent Liabilities				
Notes payable, due in more than one year	-	530,541	30,232,298	30,762,839
Capital leases payable, due in more than one year	1,224,342	160,776	-	160,776
Compensated absences, due in more than one year	245,522	8,842	-	8,842
<b>Total noncurrent liabilities</b>	<b>1,469,864</b>	<b>700,159</b>	<b>30,232,298</b>	<b>30,932,457</b>
<b>Total liabilities</b>	<b>39,107,502</b>	<b>10,362,304</b>	<b>38,938,194</b>	<b>49,300,498</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	65,680,916	12,095,408	36,685,531	48,780,939
Restricted for:				
Jail Tax Fund	2,982,249	-	-	-
SC Road Fund	748,255	-	-	-
Enhanced 911 Fund	376,397	-	-	-
Restricted for capital expenditures by donors	-	-	464,880	464,880
Restricted for debt service and capital acquisition	-	-	238,313	238,313
Unrestricted	25,892,618	5,245,546	21,018,007	26,263,553
<b>Total net assets</b>	<b>\$ 95,680,435</b>	<b>\$ 17,340,954</b>	<b>\$ 58,406,731</b>	<b>\$ 75,747,685</b>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2009**

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
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 20,052,854	\$ 797,345	\$ 3,718,427	\$ -	\$(15,537,082)	\$ -	\$ -	\$ -
Public safety	10,610,949	1,326,218	582,296	-	(8,702,435)	-	-	-
Road and bridge	8,029,691	-	784,205	5,584,088	(1,661,398)	-	-	-
Health, recreation and welfare	90,612	64,616	-	-	(25,996)	-	-	-
Conservation of natural resources	146,825	-	55,787	-	(91,038)	-	-	-
<b>Total governmental activities</b>	<b>38,930,931</b>	<b>2,188,179</b>	<b>5,140,715</b>	<b>5,584,088</b>	<b>(26,017,949)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component Units</b>								
Governmental activities	21,072,943	3,649,685	7,951,408	18,981	-	(9,452,869)	-	(9,452,869)
Business-type activities	44,880,156	43,802,030	-	8,514	-	-	(1,069,612)	(1,069,612)
<b>Total component units</b>	<b>\$ 65,953,099</b>	<b>\$ 47,451,715</b>	<b>\$ 7,951,408</b>	<b>\$ 27,495</b>	<b>-</b>	<b>(9,452,869)</b>	<b>(1,069,612)</b>	<b>(10,522,481)</b>
<b>General Revenues</b>								
Taxes:								
Property taxes					18,544,688	8,977,271	696,280	9,673,551
Sales and other taxes					12,456,006	887,484	7,197,157	8,084,641
Licenses and permits					1,247,098	-	-	-
Other income					131,930	618,462	393,719	1,012,181
Interest income					1,741,356	165,584	241,317	406,901
(Loss) on disposal and donation of capital assets					(3,909,685)	-	-	-
<b>Total general revenues</b>					<b>30,211,393</b>	<b>10,648,801</b>	<b>8,528,473</b>	<b>19,177,274</b>
<b>Change in net assets</b>					<b>4,193,444</b>	<b>1,195,932</b>	<b>7,458,861</b>	<b>8,654,793</b>
Nets Assets, beginning					91,486,991	16,145,022	50,947,870	67,092,892
Net Assets, ending					<b>\$ 95,680,435</b>	<b>\$ 17,340,954</b>	<b>\$ 58,406,731</b>	<b>\$ 75,747,685</b>

See Notes to Financial Statements.

# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**SWEETWATER COUNTY, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009**

<b>ASSETS</b>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 27,720,650	\$ 4,840,942	\$ 32,561,592
Due from other governments	1,451,988	89,330	1,541,318
Receivables:			
Taxes and interest on taxes	28,161,284	-	28,161,284
Accrued interest	172,036	59,302	231,338
Accounts and insurance credits	-	109,599	109,599
Grants	632,374	-	632,374
Inventories	419,307	-	419,307
Prepaid items	658,916	-	658,916
<b>Total assets</b>	<b>\$ 59,216,555</b>	<b>\$ 5,099,173</b>	<b>\$ 64,315,728</b>
<b>LIABILITIES</b>			
Warrants and vouchers payable	\$ 3,864,241	\$ 972,526	\$ 4,836,767
Accrued expenses	-	-	-
Court bonds and other funds held	48,495	-	48,495
Deferred revenue	30,994,319	19,746	31,014,065
<b>Total liabilities</b>	<b>34,907,055</b>	<b>992,272</b>	<b>35,899,327</b>
<b>FUND BALANCES</b>			
Reserved	1,078,223	-	1,078,223
Unreserved, designated	11,811,884	-	11,811,884
Unreserved, undesignated:			
General fund	11,419,393	-	11,419,393
Special revenue funds	-	4,106,901	4,106,901
<b>Total fund balances</b>	<b>24,309,500</b>	<b>4,106,901</b>	<b>28,416,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 59,216,555</b>	<b>\$ 5,099,173</b>	<b>\$ 64,315,728</b>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

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

**June 30, 2009**

<b>Total Fund Balances - Governmental Funds</b>	\$ 28,416,401
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.	67,806,310
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.	336,083
Long-term liabilities, including 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.	(3,487,770)
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.	<u>2,609,411</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 95,680,435</u></u>

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, 2009**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Taxes	\$ 31,016,413	\$ -	\$ 31,016,413
Licenses and permits	1,247,098	-	1,247,098
Intergovernmental revenue	4,502,800	637,915	5,140,715
Charges for services	1,812,894	375,285	2,188,179
Interest	1,467,854	228,410	1,696,264
Miscellaneous	131,930	-	131,930
<b>Total revenue</b>	<b>40,178,989</b>	<b>1,241,610</b>	<b>41,420,599</b>
<b>Expenditures</b>			
Current:			
General government	17,252,469	2,422,697	19,675,166
Public safety	10,205,795	928,288	11,134,083
Road and bridge	4,426,580	-	4,426,580
Health, recreation and welfare	89,696	-	89,696
Conservation of natural resources	132,553	-	132,553
Capital outlay	8,829,783	1,128,680	9,958,463
<b>Total expenditures</b>	<b>40,936,876</b>	<b>4,479,665</b>	<b>45,416,541</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(757,887)</b>	<b>(3,238,055)</b>	<b>(3,995,942)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from capital leases	1,506,310	-	1,506,310
Proceeds from sale of capital assets	7,000	-	7,000
<b>Net change in fund balances</b>	<b>755,423</b>	<b>(3,238,055)</b>	<b>(2,482,632)</b>
Fund Balance, beginning	23,554,077	7,344,956	30,899,033
Fund Balance, ending	<b>\$ 24,309,500</b>	<b>\$ 4,106,901</b>	<b>\$ 28,416,401</b>

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, 2009**

**Net Change in Fund Balances - Total Governmental Funds** \$ (2,482,632)

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, excluding trade-ins, exceeded depreciation in the current period. 10,261,645

Governmental funds do not report gains and losses on sales, retirements, or donations of fixed assets. However, the statement of activities reports these amounts, excluding trade-ins. (3,916,685)

The statement of activities reports a decrease in revenue due to current activity in deferred revenues which is not reported at the fund level. (15,721)

The long-term portion of 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, reported as an expense in the statement of activities. (54,334)

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, as well as the change in the associated accrued interest expense. (592,879)

Internal service funds are accounted for as proprietary funds, therefore, they are not included in the governmental funds. 994,050

**Change in net assets of governmental activities** \$ 4,193,444

See Notes to Financial Statements.

# **PROPRIETARY FUND FINANCIAL STATEMENTS**

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND**

**June 30, 2009**

	Internal Service Insurance Fund
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 2,974,411
<b>Total assets</b>	<b>2,974,411</b>
<b>LIABILITIES AND FUND EQUITY</b>	
Current Liabilities	
Accrued liabilities	365,000
<b>Total current liabilities</b>	<b>365,000</b>
Net Assets	
Unrestricted	2,609,411
<b>Total net assets</b>	<b>\$ 2,609,411</b>

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, 2009**

	Internal Service Insurance Fund
Operating Revenues	
Insurance premiums	\$ 5,758,858
Operating Expenses	
Insurance claims	<u>4,809,900</u>
<b>Operating income</b>	948,958
Nonoperating Revenue	
Interest income	<u>45,092</u>
<b>Change in net assets</b>	994,050
Net Assets	
Beginning of year	<u>1,615,361</u>
End of year	<u><u>\$ 2,609,411</u></u>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2009**

	Internal Service Insurance Fund
Cash Flows from Operating Activities	
Cash receipts on premiums	\$ 5,758,858
Payments on insurance claims	<u>(4,834,900)</u>
<b>Net cash provided by operating activities</b>	<u>923,958</u>
Cash Flows from Investing Activities	
Interest income	<u>45,092</u>
<b>Net increase in cash and cash equivalents</b>	969,050
Cash and Cash Equivalents	
Beginning of year	<u>2,005,361</u>
End of year	<u><u>\$ 2,974,411</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 948,958
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accrued liabilities	<u>(25,000)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 923,958</u></u>

See Notes to Financial Statements.

# **FIDUCIARY FUND FINANCIAL STATEMENT**

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND**

**June 30, 2009**

<b>ASSETS</b>	Property Tax Fund
Cash	\$ 8,061,150
Due from other governments	2,916,437
Property taxes and interest receivable	<u>2,226,745</u>
	<u><u>\$ 13,204,332</u></u>
 <b>LIABILITIES</b>	
Due to other taxing units	<u><u>\$ 13,204,332</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, 2009**

<b>ASSETS</b>	<b>Mental Health</b>	<b>Events Complex</b>	<b>Library System</b>	<b>Nonmajor Component Units</b>	<b>Total Component Units</b>
Cash and investments	\$ 2,409,206	\$ 413,341	\$ 1,470,342	\$ 1,211,965	\$ 5,504,854
Receivables:					
Taxes and interest on taxes	848,484	2,262,173	3,268,914	1,883,311	8,262,882
Accounts and insurance credits	390,761	35,694	-	229,284	655,739
Grants	157,009	7,223	-	-	164,232
Inventories	-	44,295	-	-	44,295
Prepaid items	-	-	-	58,871	58,871
Capital assets not being depreciated:					
Construction in progress	6,928	15,637	-	101,939	124,504
Capital assets being depreciated:					
Buildings and improvements	6,337,474	11,237,521	2,506,988	8,887,145	28,969,128
Equipment and furnishings	705,736	1,765,082	171,337	457,306	3,099,461
Accumulated depreciation	(2,741,657)	(6,943,940)	(2,186,294)	(7,308,817)	(19,180,708)
<b>Total assets</b>	<b>\$ 8,113,941</b>	<b>\$ 8,837,026</b>	<b>\$ 5,231,287</b>	<b>\$ 5,521,004</b>	<b>\$ 27,703,258</b>
<b>LIABILITIES</b>					
Warrants and vouchers payable	\$ 112,193	\$ 144,102	\$ -	\$ 390,319	\$ 646,614
Accrued expenses	-	24,241	24,052	8,495	56,788
Deferred revenue	829,890	2,221,087	3,207,902	1,852,918	8,111,797
Notes payable:					
Due within one year	118,894	-	-	-	118,894
Due in more than one year	530,541	-	-	-	530,541
Capital leases payable:					
Due within one year	-	106,766	-	-	106,766
Due in more than one year	-	160,776	-	-	160,776
Compensated absences:					
Due within one year	231,232	118,710	187,362	83,982	621,286
Due in more than one year	-	-	-	8,842	8,842
<b>Total liabilities</b>	<b>1,822,750</b>	<b>2,775,682</b>	<b>3,419,316</b>	<b>2,344,556</b>	<b>10,362,304</b>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	3,659,046	5,806,758	492,031	2,137,573	12,095,408
Unrestricted	2,632,145	254,586	1,319,940	1,038,875	5,245,546
<b>Total fund balances</b>	<b>\$ 6,291,191</b>	<b>\$ 6,061,344</b>	<b>\$ 1,811,971</b>	<b>\$ 3,176,448</b>	<b>\$ 17,340,954</b>

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS  
For the Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	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	\$ 9,733,984	\$ 1,724,603	\$ 7,584,937	\$ -	\$ (424,444)	\$ -	\$ -	\$ -	\$ (424,444)
Events Complex									
Health, recreation and welfare	4,160,744	1,191,496	-	-	-	(2,969,248)	-	-	(2,969,248)
Library System									
Health, recreation and welfare	3,944,061	-	-	18,981	-	-	(3,925,080)	-	(3,925,080)
Nonmajor Component Units									
Health, recreation and welfare	3,234,154	733,586	366,471	-	-	-	-	(2,134,097)	(2,134,097)
<b>Total component units</b>	<b>\$ 21,072,943</b>	<b>\$ 3,649,685</b>	<b>\$ 7,951,408</b>	<b>\$ 18,981</b>	<b>(424,444)</b>	<b>(2,969,248)</b>	<b>(3,925,080)</b>	<b>(2,134,097)</b>	<b>(9,452,869)</b>
General Revenues									
Taxes:									
Property taxes					964,968	2,688,883	3,677,662	1,645,758	8,977,271
Sales and other taxes					95,650	263,375	364,952	163,507	887,484
Rental income					-	618,462	-	-	618,462
Interest income					29,597	1,823	121,734	12,430	165,584
<b>Total general revenues</b>					<b>1,090,215</b>	<b>3,572,543</b>	<b>4,164,348</b>	<b>1,821,695</b>	<b>10,648,801</b>
<b>Change in net assets</b>					<b>665,771</b>	<b>603,295</b>	<b>239,268</b>	<b>(312,402)</b>	<b>1,195,932</b>
Net Assets, beginning					5,625,420	5,458,049	1,572,703	3,488,850	16,145,022
Net Assets, ending					<b>\$ 6,291,191</b>	<b>\$ 6,061,344</b>	<b>\$ 1,811,971</b>	<b>\$ 3,176,448</b>	<b>\$ 17,340,954</b>

See Notes to Financial Statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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#### 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

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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

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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 and gasoline 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, 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

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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, which GASB prevails.

Fiduciary funds: Agency funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. 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 a fund balance reserve 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 \$21,018,007 of unrestricted net assets reported in 2009, \$6,713,879 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 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

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Cost of borrowing - Memorial Hospital: Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing or acquiring those assets. The Hospital capitalized \$691,363 of interest expense during the year ended June 30, 2009.

Designated funds: The County and its various Boards and agencies maintain a cash reserve in accordance with the Municipal Fiscal Procedures Act as prescribed by Wyoming State Statutes. The Act allows a cash reserve to be designated and used in an emergency or an unusual situation that arises causing the need to exceed total appropriations. All of these cash designations are included in the cash balances of the respective funds. Several Boards have also established capital replacement reserves as well as Board-designated reserves for operations subsequent to fiscal year end. Designated funds remain under the control of the County, which may at its discretion later use the funds for other purposes.

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 Enhanced 911 Fund. 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. 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.

Post-retirement benefits: Upon retirement, an employee between 55 and 65 years of age, with ten (10) or more years of service, may elect to continue health insurance coverage under Sweetwater County's current group plan. The insurance premium will be paid by the individual, with a portion of the premium subsidized by the County as approved each year by the County Commissioners. In addition, the insurance premium for retirees is separately established from the insurance premium of active employees.

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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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 \$930,000 for the year ended June 30, 2009.

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.

Investments – Memorial Hospital: Investments in debt and equity securities are reported at fair value, based on quoted market prices. Interest, dividends, gains and losses, both realized and unrealized, on investments are included in nonoperating revenues when earned. Interest earnings on borrowed proceeds for capital acquisition are capitalized. The Hospital capitalized \$236,884 of interest income during the year ended June 30, 2009.

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, 2009 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	\$ 14,374,612	\$ 8,061,150	\$ 2,409,206	\$ 413,341	\$ 91,306	\$ 1,211,965
Wyoming Government Investment Fund	-	-	-	-	1,379,036	-
Certificate of deposit	102,816	-	-	-	-	-
Investments:						
FHLB	6,361,137	-	-	-	-	-
FNMA	9,583,435	-	-	-	-	-
FREDMAC	5,114,003	-	-	-	-	-
<b>Total cash and investments</b>	<b>\$ 35,536,003</b>	<b>\$ 8,061,150</b>	<b>\$ 2,409,206</b>	<b>\$ 413,341</b>	<b>\$ 1,470,342</b>	<b>\$ 1,211,965</b>

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

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

Category:	Credit Rating	Market Value
FHLB	AAA	\$ 6,361,137
FNMA	AAA	4,288,020
FNMA	AA2	5,295,415
FREDMAC	AAA	2,095,020
FREDMAC	AA2	3,018,983

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, 2009, the primary government had bank balances on deposit of \$13,041,531, which were fully collateralized or insured. As of June 30, 2009, the Agency Funds had bank balances on deposit of \$8,061,150, which were fully collateralized or insured. As of June 30, 2009, the governmental type component units of the County had bank balances on deposit and certificates of deposit of \$6,101,679, 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, 2009, 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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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.

Interest Rate Risk Organized by Investment Type Using Segmented Time Distribution  
As of June 30, 2009

	Primary Government			
	Market	Less Than 1 Year	1-5 Years	5-10 Years
Certificate of deposit	\$ 102,816	\$ -	\$ 102,816	\$ -
FHLB	6,361,137	3,564,267	2,796,870	-
FNMA	9,583,435	2,266,910	7,316,525	-
FREDMAC	5,114,003	499,410	3,521,693	1,092,900
	<u>\$ 21,161,391</u>	<u>\$ 6,330,587</u>	<u>\$ 13,737,904</u>	<u>\$ 1,092,900</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 90 days. The weighted average maturity of the fund's entire portfolio at June 30, 2009 was 58 days.

#### 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 increasing 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, 2009, 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. 100% of the Hospital's deposits and investments at June 30, 2009 meet the definition of cash and cash equivalents.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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

Carrying value:	
Deposits	\$ 18,992,525
Investments	-
WYO-STAR State Pooled Investments	7,546,790
Cash on hand	2,580
<b>Total deposits and investments</b>	<b>\$ 26,541,895</b>

Investment income: Investment income of \$241,317 for the year ended June 30, 2009 is made up entirely of interest income from deposits, investments 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, 2009:

	Primary Government	Governmental Type Component Units			
		Mental Health	Events Complex	Library System	Nonmajor
Taxes and interest on taxes	\$ 28,161,284	\$ 848,484	\$ 2,262,173	\$ 3,268,914	\$ 1,883,311
Accounts receivable	340,937	1,583,668	35,694	-	235,554
Allowance for doubtful accounts	-	(1,192,907)	-	-	(6,270)
<b>Accounts receivable, net</b>	<b>\$ 28,502,221</b>	<b>\$ 1,239,245</b>	<b>\$ 2,297,867</b>	<b>\$ 3,268,914</b>	<b>\$ 2,112,595</b>

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 the opinion of management, any adjustments that might result from such reviews will be immaterial.

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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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Memorial Hospital: Patient accounts receivable for the year ended June 30, 2009 consists of the following:

Patient receivables:	
Receivable from patients and their insurance carriers	\$ 8,349,425
Receivable from Medicare	740,291
Receivable from Medicaid	294,008
<b>Total patient accounts receivable</b>	<u>9,383,724</u>
Less: estimated allowance for uncollectible amounts	(2,500,000)
<b>Net patient accounts receivable</b>	<u>6,883,724</u>
Estimated third-party payor settlements	231,964
Other	1,282,586
	<u><u>\$ 8,398,274</u></u>

#### **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.

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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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.

Contributions and covered payroll: State statutes require the County to contribute 5.68% of the employee's gross annual salary to the retirement system. Employees are required by State statute to contribute 5.57% of their gross annual salary to the retirement system. The County has followed the allowed practice of paying the employee's share of contributions for full-time employees for a total contribution of 11.25%. The general County's expenditures for employee pension costs during the year ended June 30, 2009, 2008 and 2007 were \$1,112,745, \$1,007,484 and \$853,988, 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, 2009, 2008 and 2007 were \$871,191, \$784,347 and \$626,270, 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, 2009, which equaled 100% of the required contributions for that year:

	Component Units			
	Mental Health	Events Complex	Library System	Nonmajor
Fiscal Year 2008-2009	\$ 552,448	\$ 101,558	\$ 217,144	\$ 147,604

Net assets held in trust for pension benefits: 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, 5<sup>th</sup> Floor West, Cheyenne, Wyoming 82002.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**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 5% 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 4% 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 plans expense for the year ended June 30, 2009 was \$756,524.

**Note 8. General Obligation Debt**

At June 30, 2009, the County had no general obligation debt outstanding.

The June 30, 2009 legal debt margin of the County is computed as follows:

Assessed valuation, June 30, 2008	<u>\$ 2,393,725,331</u>
Debt limit, 2% of assessed valuation	\$ 47,874,507
Debt applicable to debt limit	<u>-</u>
<b>Legal debt margin</b>	<u>\$ 47,874,507</u>

SWEETWATER COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary government:

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
<b>General Government</b>					
Capital assets not being depreciated:					
Land	\$ 1,098,997	\$ -	\$ -	\$ -	\$ 1,098,997
Construction in progress	9,187,723	7,835,341	-	(5,894,386)	11,128,678
<b>Total capital assets not being depreciated</b>	<b>10,286,720</b>	<b>7,835,341</b>	<b>-</b>	<b>(5,894,386)</b>	<b>12,227,675</b>
Capital assets being depreciated:					
Buildings and improvements	22,462,244	449,257	(20,000)	1,714,633	24,606,134
Equipment and furnishings	12,990,238	2,710,168	(890,846)	-	14,809,560
Infrastructure	96,001,344	3,481,823	(4,702,476)	4,179,753	98,960,444
<b>Total capital assets being depreciated</b>	<b>131,453,826</b>	<b>6,641,248</b>	<b>(5,613,322)</b>	<b>5,894,386</b>	<b>138,376,138</b>
Less accumulated depreciation:					
Buildings and improvements	(6,948,788)	(210,534)	-	-	(7,159,322)
Equipment and furnishings	(8,018,381)	(1,226,774)	733,005	-	(8,512,150)
Infrastructure	(65,312,027)	(2,602,204)	788,200	-	(67,126,031)
<b>Total accumulated depreciation</b>	<b>(80,279,196)</b>	<b>(4,039,512)</b>	<b>1,521,205</b>	<b>-</b>	<b>(82,797,503)</b>
<b>Total capital assets being depreciated, net</b>	<b>51,174,630</b>	<b>2,601,736</b>	<b>(4,092,117)</b>	<b>5,894,386</b>	<b>55,578,635</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 61,461,350</b>	<b>\$ 10,437,077</b>	<b>\$ (4,092,117)</b>	<b>\$ -</b>	<b>\$ 67,806,310</b>

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

Governmental activities:

General government	\$ 164,201
Public safety	641,306
Road and bridge	3,232,074
Conservation of natural resources	1,931
<b>Total depreciation, governmental activities</b>	<b>\$ 4,039,512</b>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

Discretely presented governmental type component units: Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 2,049,410	\$ 1,143,288	\$ -	\$ (3,068,194)	\$ 124,504
Capital assets being depreciated:					
Buildings and improvements	25,731,454	169,480	-	3,068,194	28,969,128
Equipment and furnishings	3,010,588	88,873	-	-	3,099,461
<b>Total capital assets being depreciated</b>	<b>28,742,042</b>	<b>258,353</b>	<b>-</b>	<b>3,068,194</b>	<b>32,068,589</b>
Less accumulated depreciation:					
Buildings and improvements	(16,283,376)	(967,282)	-	-	(17,250,658)
Equipment and furnishings	(1,714,485)	(215,565)	-	-	(1,930,050)
<b>Total accumulated depreciation</b>	<b>(17,997,861)</b>	<b>(1,182,847)</b>	<b>-</b>	<b>-</b>	<b>(19,180,708)</b>
<b>Total capital assets being depreciated, net</b>	<b>10,744,181</b>	<b>(924,494)</b>	<b>-</b>	<b>3,068,194</b>	<b>12,887,881</b>
<b>Government activities capital assets, net</b>	<b>\$ 12,793,591</b>	<b>\$ 218,794</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,012,385</b>

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

Governmental activities:

Health, recreation, and welfare	<u>\$ 1,182,847</u>
<b>Total depreciation, governmental activities</b>	<u><u>\$ 1,182,847</u></u>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

	Balance June 30, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
<b>Business-Type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 18,245	\$ -	\$ -	\$ -	\$ 18,245
Construction in progress	33,180,956	16,490,754	-	(31,842,520)	17,829,190
<b>Total capital assets not being depreciated</b>	<b>33,199,201</b>	<b>16,490,754</b>	<b>-</b>	<b>(31,842,520)</b>	<b>17,847,435</b>
Capital assets being depreciated:					
Buildings and improvements	16,653,569	-	-	29,912,475	46,566,044
Equipment and furnishings	28,651,687	273,410	-	1,930,045	30,855,142
<b>Total capital assets being depreciated</b>	<b>45,305,256</b>	<b>273,410</b>	<b>-</b>	<b>31,842,520</b>	<b>77,421,186</b>
Less accumulated depreciation:					
Buildings and improvements	(13,122,742)	(821,295)	-	-	(13,944,037)
Equipment and furnishings	(19,720,932)	(2,813,991)	-	-	(22,534,923)
<b>Total accumulated depreciation</b>	<b>(32,843,674)</b>	<b>(3,635,286)</b>	<b>-</b>	<b>-</b>	<b>(36,478,960)</b>
<b>Total capital assets being depreciated, net</b>	<b>12,461,582</b>	<b>(3,361,876)</b>	<b>-</b>	<b>31,842,520</b>	<b>40,942,226</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 45,660,783</b>	<b>\$ 13,128,878</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,789,661</b>

Construction in progress at June 30, 2009 represents costs incurred for the facility expansion and renovation project. The project is estimated to cost approximately \$60,000,000. The project will be primarily paid for from the proceeds from the issuance of the 2006 and 2008 Bonds totaling \$48,605,000, and grant funds of \$4,000,000. The project is scheduled to be completed in early 2010.

**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. Although the Airport participates in the County's tax levies, 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**

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#### 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.

#### Sweetwater County Improvement Projects Joint Powers Board Agreement:

Under certain provisions of Wyoming State Statutes, the County entered into a joint powers agreement with the cities of Rock Springs, Green River, Bairoil, Granger, Superior, and Wamsutter to form the Sweetwater County Improvement Projects Joint Powers Board (SCIPJPB) to finance construction of infrastructure of the participating cities in Sweetwater County using 1% specific purpose sales and use tax proceeds.

The SCIPJPB consists of seven members – one member from Sweetwater County and one member from each of the six participating cities.

The financial transactions of the SCIPJPB are not included in these financial statements. However, additional financial information of the SCIPJPB may be obtained by contacting the Sweetwater County SCIPJPB Member, Randy Walker at Sweetwater County, 80 West Flaming Gorge Way, Suite 109, Green River, Wyoming 82935.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**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:

	Primary Government	Governmental Type Component Units			
		Mental Health	Events Complex	Library System	Nonmajor
Beginning balance	\$ 1,274,965	\$ 209,277	\$ 107,310	\$ 175,278	\$ 77,353
Additions	1,138,111	715,564	138,819	215,845	105,291
Reductions	(1,083,777)	(693,609)	(127,419)	(203,761)	(89,820)
Ending balance	<u>\$ 1,329,299</u>	<u>\$ 231,232</u>	<u>\$ 118,710</u>	<u>\$ 187,362</u>	<u>\$ 92,824</u>
Due within one year	\$ 1,083,777	\$ 231,232	\$ 118,710	\$ 187,362	\$ 83,982
Due in more than one year	245,522	-	-	-	8,842

**Note 12. Obligations under Capital Lease**

During the year ended June 30, 2009, the general County entered into three new lease agreements to acquire equipment and vehicles. The terms of these leases are, in effect, a purchase of the related asset, and (with no exception) are renewable annually, contingent on the County's ability to appropriate funds as required by State statutes.

The County has entered into several other such leases in prior years. The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 3,308,155
Less accumulated depreciation	(535,450)
	<u>\$ 2,772,705</u>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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	June 30, 2009 Balance
<b>Primary Government</b>	
5.02% lease to acquire heavy equipment, payable in three annual installments of \$188,729	\$ 179,506
5.12% lease to acquire two graders, payable in three annual installments of \$111,666	206,933
2.85% lease to acquire vehicles, payable in three annual installments of \$151,992	147,725
2.32% lease to acquire two snow plows, payable in three annual installments of \$115,195	222,547
3.92% lease to acquire heavy equipment, payable in three annual installments of \$141,296	407,849
3.44% lease to acquire vehicles, payable in three annual installments of \$137,694	261,589
3.34% lease to acquire two graders and a tractor, payable in three annual installments of \$240,892	699,245
	<u>\$ 2,125,394</u>

Additionally, the County Events Complex entered into several lease agreements in the 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:

<b>Asset</b>	Events Complex
Machinery and equipment	\$ 469,101
Less accumulated depreciation	(78,268)
	<u>\$ 390,833</u>

	June 30, 2009 Balance
<b>Events Complex</b>	
4.36% lease to acquire a motor grader and utility tractor, payable in 60 monthly installments of \$3,795	\$ 147,578
4.60% lease to acquire a front loader, payable in 24 monthly installments of \$4,718	32,523
4.20% lease to acquire a vehicle and scissor lift, payable in 60 monthly installments of \$1,810	72,162
4.78% lease to acquire vehicles, payable in 24 monthly installments of \$2,582	15,279
	<u>\$ 267,542</u>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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

	Primary Government	Events Complex
Year ended June 30,		
2010	\$ 982,271	\$ 115,777
2011	898,735	67,260
2012	382,188	67,260
2013	-	35,469
<b>Total minimum lease payments</b>	<b>2,263,194</b>	<b>285,766</b>
Less: Amount representing interest	(137,800)	(18,224)
<b>Present value of net minimum lease payments</b>	<b>2,125,394</b>	<b>267,542</b>
Less: Capital lease payable, due within one year	(901,052)	(106,766)
<b>Capital leases payable, due in more than one year</b>	<b>\$ 1,224,342</b>	<b>\$ 160,776</b>

**Note 13. Obligations Under Notes Payable**

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 bears interest at 6% with monthly payments of \$16,692 due the first of the month from July 1, 2004 until June 1, 2014. Beginning July 1, 2009 the interest rate will be adjusted to equal the published "Wall Street Journal" prime rate plus 2%.

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

Year ended June 30,	
2010	\$ 118,894
2011	125,289
2012	132,027
2013	139,128
2014	134,097
	<u>\$ 649,435</u>

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 2011. Monthly rental income is \$10,000.

To assist in covering operating cash flow needs, the Events Complex entered into a tax anticipation warrant on June 24, 2009. The Events Complex can draw up to 75% of the anticipated 2009-2010 fiscal year property tax revenue remaining uncollected, up to \$3,500,000 at any given time. All funds borrowed must be repaid by June 30, 2010. There was no activity on this tax anticipation warrant during the year ended June 30, 2009.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
<b>Primary Government</b>					
Capital leases	\$ 1,533,255	\$ 1,506,310	\$ (914,171)	\$ 2,125,394	\$ 901,052
<b>Discretely Presented Governmental Type Component Units</b>					
Mental Health, notes payable	803,414	-	(153,979)	649,435	118,894
Events Complex, capital leases	462,819	-	(195,277)	267,542	106,766

**Note 15. Long-Term Debt – Memorial Hospital**

Long-term debt for Memorial Hospital consists of:

	June 30, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Hospital Revenue Bonds,					
Series 2006A	\$ 6,810,000	\$ -	\$ (6,645,000)	\$ 165,000	\$ 165,000
Series 2006B	22,500,000	-	-	22,500,000	-
Series 2008	7,732,298	-	-	7,732,298	-
	<u>\$ 37,042,298</u>	<u>\$ -</u>	<u>\$ (6,645,000)</u>	<u>\$ 30,397,298</u>	<u>\$ 165,000</u>

The terms and due dates of the Hospital's long-term debt at June 30, 2009 are as follows:

- Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue Bonds Series 2006A, variable rate bonds, .63% as of June 30, 2009, due in varying annual installments, secured by sales and use tax revenues.
- Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue Bonds Series 2006B, variable rate bonds, .63% as of June 30, 2009, 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, .97% as of June 30, 2009, due in varying annual installments to September 2037, secured by Hospital revenues.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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The County is required to have letters of credit for the 2006A, 2006B, and 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 2006A and 2006B Bonds and \$7,832,809 for the Series 2008 Bond. Both letters of credit expire September 28, 2011 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
2010	\$ 165,000	\$ 217,018	\$ 382,018
2011	-	216,925	216,925
2012	-	216,925	216,925
2013	-	216,925	216,925
2014	-	216,925	216,925
2015-2019	-	1,084,625	1,084,625
2020-2024	-	1,084,625	1,084,625
2025-2029	5,955,000	1,015,806	6,970,806
2030-2034	12,150,000	728,473	12,878,473
2035-2039	12,127,298	269,095	12,396,393
	<u>\$ 30,397,298</u>	<u>\$ 5,267,342</u>	<u>\$ 35,664,640</u>

**Note 16. Reserved and Designated Fund Balances – Governmental Funds**

Reserved fund balances have been established as follows:

	Primary Government
Reserved for inventories	\$ 419,307
Reserved for prepaid items	658,916
	<u>\$ 1,078,223</u>

# SWEETWATER COUNTY, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Designated fund balances have been established as follows:

	<u>Primary Government</u>
Contingency reserve	\$ 350,000
Reserved for capital replacement	8,352,189
Reserved for economic develop- ment infrastructure	109,695
Cash carryover reserve	<u>3,000,000</u>
	<u><u>\$ 11,811,884</u></u>

### Note 17. Operating Lease Commitments

The County has entered into two lease agreements for postage machines. The leases vary in ranges extending up to five years. The total minimum rental commitment at June 30, 2009 under this lease is as follows:

2010	\$ 16,698
2011	14,097
2012	13,230
2013	13,230
2014	13,230
Thereafter	<u>3,308</u>
	<u><u>\$ 73,793</u></u>

### Note 18. 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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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, 2009, the IBNR was \$365,000. Changes in the IBNR from fiscal years 2009 and 2008 were as follows:

	Beginning of Fiscal Year Liability	Estimated Claims Incurred	Claim Payments	At Fiscal Year-End Liability
Fiscal Year 2007-2008	\$ 355,000	\$ 4,270,121	\$ (4,235,121)	\$ 390,000
Fiscal Year 2008-2009	\$ 390,000	\$ 4,809,900	\$ (4,834,900)	\$ 365,000

#### **Note 19. 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: Effective July 1, 2006, 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 \$1,949,799 and \$1,931,080 of expense during the years ended June 30, 2009 and 2008, respectively. The estimated liability relating to self-funded health insurance was \$400,000 as of June 30, 2009 and 2008.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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.

The Hospital is named in a lawsuit that is currently in discovery proceedings. The case is scheduled to go to trial in fiscal 2010. The Hospital is vigorously defending against the lawsuit, but the outcome is uncertain. The Hospital has not recorded any potential financial impact as of June 30, 2009 regarding this issue.

#### **Note 20. 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.

As of June 30, 2009, the aggregate principal amount payable for the Industrial Revenue Bonds outstanding could not be determined.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 21. Commitments**

As of June 30, 2009, 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 2009, the amounts below represent the activity pertaining to the County's portion of the contract as a whole.

	Expended to Date at June 30, 2009	Total Contract	Total Commitment at June 30, 2009
<b>Primary Government:</b>			
2009 Paint Striping	\$ -	\$ 81,215	\$ 81,215
FMC Crack Sealant	56,951	63,779	6,828
Middle Baxter Road	853,808	1,600,862	747,054
Salt Wells Bridge	40,505	155,415	114,910
Yellowstone Road North	154,420	173,652	19,232
Yellowstone Road South	1,171,020	2,121,077	950,057
Farson Bridge	46,189	101,245	55,056
CMAQ 2008	-	26,360	26,360
Central Facility/Purchasing Building	2,250,284	2,290,432	40,148
Golden Hour Reroof	-	130,850	130,850
911 System	752,531	769,731	17,200
<b>Total primary government</b>	<b>\$ 5,325,708</b>	<b>\$ 7,514,618</b>	<b>\$ 2,188,910</b>
<b>Governmental Type Component Units:</b>			
<b>Mental Health:</b>			
College Drive Reception Remodel	\$ -	\$ 74,700	\$ 74,700
<b>Total governmental type component units</b>	<b>\$ -</b>	<b>\$ 74,700</b>	<b>\$ 74,700</b>

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 22. New Pronouncements**

The Government Accounting Standards (GASB) has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by the County. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

The County has not yet assessed the impact, if any, that these new pronouncements may have on the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The County's required supplementary information includes the budgetary comparison schedule as described in the accompanying Notes to Required Supplementary Information following the schedule.

**SWEETWATER COUNTY, WYOMING**

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

**BUDGET AND ACTUAL**

**GENERAL FUND**

**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 33,308,793	\$ 31,319,430	\$ 31,016,413	\$ (303,017)
Licenses and permits	1,456,700	1,466,700	1,247,098	(219,602)
Intergovernmental	4,542,599	7,215,784	4,502,800	(2,712,984)
Charges for services	1,599,545	1,599,545	1,812,894	213,349
Interest	653,001	653,001	1,467,854	814,853
Miscellaneous	991,850	991,850	138,930	(852,920)
<b>Total revenues</b>	<b>42,552,488</b>	<b>43,246,310</b>	<b>40,185,989</b>	<b>(3,060,321)</b>
<b>Expenditures</b>				
General government	21,835,544	22,226,567	17,252,469	4,974,098
Public safety	12,300,300	12,772,684	10,205,795	2,566,889
Road and bridge	6,220,506	6,220,506	4,426,580	1,793,926
Health, recreation and welfare	60,147	97,647	89,696	7,951
Conservation of natural resources	220,522	220,522	132,553	87,969
Capital outlay	10,473,528	10,238,443	7,323,473	2,914,970
<b>Total expenditures</b>	<b>51,110,547</b>	<b>51,776,369</b>	<b>39,430,566</b>	<b>12,345,803</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(8,558,059)</b>	<b>(8,530,059)</b>	<b>755,423</b>	<b>9,285,482</b>
<b>Fund Balance</b>				
Beginning	(14,417,102)	(12,462,357)	23,554,077	36,016,434
Ending	\$ (22,975,161)	\$ (20,992,416)	\$ 24,309,500	\$ 45,301,916

## **SWEETWATER COUNTY, WYOMING**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2009**

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#### **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.

## **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.

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, 2009**

<b>ASSETS</b>	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ 3,519,521	\$ 1,039,464	\$ 281,957	\$ 4,840,942
Due from other governments	-	89,330	-	89,330
Receivables:				
Accounts and insurance credits	-	-	109,599	109,599
Accrued interest	59,302	-	-	59,302
<b>Total assets</b>	<b>\$ 3,578,823</b>	<b>\$ 1,128,794</b>	<b>\$ 391,556</b>	<b>\$ 5,099,173</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Warrants and vouchers payable	\$ 596,574	\$ 360,793	\$ 15,159	\$ 972,526
Deferred revenue	-	19,746	-	19,746
<b>Total liabilities</b>	<b>596,574</b>	<b>380,539</b>	<b>15,159</b>	<b>992,272</b>
Fund Balances				
Unreserved:				
Special revenue funds	2,982,249	748,255	376,397	4,106,901
<b>Total liabilities and fund balances</b>	<b>\$ 3,578,823</b>	<b>\$ 1,128,794</b>	<b>\$ 391,556</b>	<b>\$ 5,099,173</b>

**SWEETWATER COUNTY, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009**

	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 637,915	\$ -	\$ 637,915
Charges for services	-	-	375,285	375,285
Interest	208,591	12,804	7,015	228,410
<b>Total revenues</b>	<b>208,591</b>	<b>650,719</b>	<b>382,300</b>	<b>1,241,610</b>
<b>Expenditures</b>				
Public safety	-	-	928,288	928,288
General government	2,422,697	-	-	2,422,697
Capital outlay	-	1,128,680	-	1,128,680
	<b>2,422,697</b>	<b>1,128,680</b>	<b>928,288</b>	<b>4,479,665</b>
<b>Net change in fund balances</b>	<b>(2,214,106)</b>	<b>(477,961)</b>	<b>(545,988)</b>	<b>(3,238,055)</b>
Fund Balance, beginning	5,196,355	1,226,216	922,385	7,344,956
Fund Balance, ending	<b>\$ 2,982,249</b>	<b>\$ 748,255</b>	<b>\$ 376,397</b>	<b>\$ 4,106,901</b>

**SWEETWATER COUNTY, WYOMING**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS  
June 30, 2009**

<b>ASSETS</b>	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units
Cash and investments	\$ 239,937	\$ 389,625	\$ 582,403	\$ 1,211,965
Receivables:				
Taxes and interest on taxes	392,986	579,388	910,937	1,883,311
Accounts and insurance credits, net	-	-	229,284	229,284
Prepaid items	-	-	58,871	58,871
Capital assets not being depreciated:				
Construction in progress	-	101,939	-	101,939
Capital assets being depreciated:				
Buildings and improvements	699,390	8,187,755	-	8,887,145
Equipment and furnishings	50,321	406,985	-	457,306
Accumulated depreciation	(355,537)	(6,953,280)	-	(7,308,817)
<b>Total assets</b>	<b>\$ 1,027,097</b>	<b>\$ 2,712,412</b>	<b>\$ 1,781,495</b>	<b>\$ 5,521,004</b>
<b>LIABILITIES</b>				
Liabilities				
Warrants and vouchers payable	\$ -	\$ 34,721	\$ 355,598	\$ 390,319
Accrued expenses	-	8,495	-	8,495
Deferred revenue	386,276	567,343	899,299	1,852,918
Compensated absences:				
Due within one year	9,177	8,388	66,417	83,982
Due in more than one year	-	8,842	-	8,842
<b>Total liabilities</b>	<b>395,453</b>	<b>627,789</b>	<b>1,321,314</b>	<b>2,344,556</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	394,174	1,743,399	-	2,137,573
Unrestricted	237,470	341,224	460,181	1,038,875
<b>Total fund balances</b>	<b>\$ 631,644</b>	<b>\$ 2,084,623</b>	<b>\$ 460,181</b>	<b>\$ 3,176,448</b>

SWEETWATER COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES

NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS

For the Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units
Museum Board							
Health, recreation and welfare	\$ 418,701	\$ 7,897	\$ -	\$ (410,804)	\$ -	\$ -	\$ (410,804)
Recreation Board							
Health, recreation and welfare	778,705	-	-	-	(778,705)	-	(778,705)
Health Board							
Health, recreation and welfare	2,036,748	725,689	366,471	-	-	(944,588)	(944,588)
<b>Total nonmajor component units</b>	<b>\$ 3,234,154</b>	<b>\$ 733,586</b>	<b>\$ 366,471</b>	<b>(410,804)</b>	<b>(778,705)</b>	<b>(944,588)</b>	<b>(2,134,097)</b>
General Revenues							
Taxes:							
Property taxes				366,665	721,706	557,387	1,645,758
Sales and other taxes				28,178	70,338	64,991	163,507
Interest income				246	7,151	5,033	12,430
<b>Total general revenues</b>				<b>395,089</b>	<b>799,195</b>	<b>627,411</b>	<b>1,821,695</b>
<b>Change in net assets</b>				<b>(15,715)</b>	<b>20,490</b>	<b>(317,177)</b>	<b>(312,402)</b>
Net Assets, beginning				647,359	2,064,133	777,358	3,488,850
Net Assets, ending				\$ 631,644	\$ 2,084,623	\$ 460,181	\$ 3,176,448

SWEETWATER COUNTY, WYOMING

COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS

FUND BASIS

June 30, 2009

ASSETS	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
Cash and investments	\$ 2,409,206	\$ 413,341	\$ 1,470,342	\$ 239,937	\$ 389,625	\$ 582,403	\$ 5,504,854
Receivables:							
Taxes and interest on taxes	848,484	2,262,173	3,268,914	392,986	579,388	910,937	8,262,882
Accounts and insurance credits	390,761	35,694	-	-	-	229,284	655,739
Grants	157,009	7,223	-	-	-	-	164,232
Inventories	-	44,295	-	-	-	-	44,295
Prepaid items	-	-	-	-	-	58,871	58,871
<b>Total assets</b>	<b>\$ 3,805,460</b>	<b>\$ 2,762,726</b>	<b>\$ 4,739,256</b>	<b>\$ 632,923</b>	<b>\$ 969,013</b>	<b>\$ 1,781,495</b>	<b>\$ 14,690,873</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Warrants and vouchers payable	\$ 112,193	\$ 144,102	\$ -	\$ -	\$ 34,721	\$ 355,598	\$ 646,614
Accrued expenses	-	24,241	24,052	-	8,495	-	56,788
Deferred revenue	843,563	2,247,150	3,249,386	391,019	575,523	907,783	8,214,424
<b>Total liabilities</b>	<b>955,756</b>	<b>2,415,493</b>	<b>3,273,438</b>	<b>391,019</b>	<b>618,739</b>	<b>1,263,381</b>	<b>8,917,826</b>
Fund Balances							
Reserved	-	-	-	-	-	-	-
Unreserved	2,849,704	347,233	1,465,818	241,904	350,274	518,114	5,773,047
<b>Total fund balances</b>	<b>2,849,704</b>	<b>347,233</b>	<b>1,465,818</b>	<b>241,904</b>	<b>350,274</b>	<b>518,114</b>	<b>5,773,047</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,805,460</b>	<b>\$ 2,762,726</b>	<b>\$ 4,739,256</b>	<b>\$ 632,923</b>	<b>\$ 969,013</b>	<b>\$ 1,781,495</b>	<b>\$ 14,690,873</b>

**SWEETWATER COUNTY, WYOMING**

**RECONCILIATION OF THE GOVERNMENTAL TYPE COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009**

	Mental Health	Events Complex	Library System	Nonmajor Component Units		
				Museum Board	Recreation Board	Health Board
Total fund balances - governmental type component units	\$ 2,849,704	\$ 347,233	\$ 1,465,818	\$ 241,904	\$ 350,274	\$ 518,114
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.	4,308,481	6,074,300	492,031	394,174	1,743,399	-
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.	(880,667)	(386,252)	(187,362)	(9,177)	(17,230)	(66,417)
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.	13,673	26,063	41,484	4,743	8,180	8,484
<b>Net assets of governmental type component units</b>	<b>\$ 6,291,191</b>	<b>\$ 6,061,344</b>	<b>\$ 1,811,971</b>	<b>\$ 631,644</b>	<b>\$ 2,084,623</b>	<b>\$ 460,181</b>

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, 2009

	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
<b>Revenues</b>							
Taxes	\$ 1,067,520	\$ 2,969,124	\$ 4,065,780	\$ 396,845	\$ 797,027	\$ 613,894	\$ 9,910,190
Intergovernmental	7,584,937	-	18,981	-	-	366,471	7,970,389
Charges for services	1,724,603	1,191,496	-	7,897	-	725,689	3,649,685
Interest	29,597	1,823	121,734	246	7,151	5,033	165,584
Rental income	-	618,462	-	-	-	-	618,462
<b>Total revenues</b>	<b>10,406,657</b>	<b>4,780,905</b>	<b>4,206,495</b>	<b>404,988</b>	<b>804,178</b>	<b>1,711,087</b>	<b>22,314,310</b>
<b>Expenditures</b>							
Current:							
Health, recreation and welfare	9,290,855	3,970,528	3,903,856	383,731	604,215	2,025,257	20,178,442
Capital outlay	104,946	888,777	-	-	407,918	-	1,401,641
<b>Total expenditures</b>	<b>9,395,801</b>	<b>4,859,305</b>	<b>3,903,856</b>	<b>383,731</b>	<b>1,012,133</b>	<b>2,025,257</b>	<b>21,580,083</b>
<b>Net change in fund balances</b>	<b>1,010,856</b>	<b>(78,400)</b>	<b>302,639</b>	<b>21,257</b>	<b>(207,955)</b>	<b>(314,170)</b>	<b>734,227</b>
<b>Fund Balances</b>							
Beginning	1,838,848	425,633	1,163,179	220,647	558,229	832,284	5,038,820
Ending	\$ 2,849,704	\$ 347,233	\$ 1,465,818	\$ 241,904	\$ 350,274	\$ 518,114	\$ 5,773,047

**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, 2009**

	Mental Health	Events Complex	Library System	Nonmajor Component Units		
				Museum Board	Recreation Board	Health Board
<b>Net Change in Fund Balances - Governmental Type Component Units</b>	\$ 1,010,856	\$ (78,400)	\$ 302,639	\$ 21,257	\$ (207,955)	\$ (314,170)
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.	(470,207)	514,684	(28,121)	(34,970)	237,408	-
The statement of activities reports a decrease in revenues due to current activity in deferred revenues which is not reported at the fund level.	(6,902)	(16,866)	(23,166)	(2,002)	(4,983)	8,484
The long-term portion of 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, reported as an expense in the statement of activities.	(21,955)	(11,400)	(12,084)	-	(3,980)	(11,491)
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.	-	195,277	-	-	-	-
The long-term portion of the 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, reported as an expense in the statement of revenues, expenditures and changes in fund balance.	153,979	-	-	-	-	-
<b>Change in net assets of governmental type component unit</b>	<b>\$ 665,771</b>	<b>\$ 603,295</b>	<b>\$ 239,268</b>	<b>\$ (15,715)</b>	<b>\$ 20,490</b>	<b>\$ (317,177)</b>

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2009**

	Federal CFDA Number	Expenditures
<b>U.S. Department of the Interior:</b>		
Payments in lieu of taxes:		
Administered by Sweetwater County	15.226	\$ 2,699,785
<b>Total U.S. Department of the Interior</b>		<u>2,699,785</u>
<b>U.S. Department of Health and Human Services:</b>		
<i>Passed through Wyoming Department of Health:</i>		
Block Grants for Prevention and Treatment of Substance Abuse:		
Administered by Southwest Counseling Service	93.959	146,943
Centers for Disease Control and Prevention - Investigation and Technical Assistance:		
Administered by Southwest Counseling Service	93.283	75,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance: Administered by Southwest Counseling Service	93.243	123,127
HIV Prevention Activities - Health Department Based:		
Administered by Southwest Counseling Service	93.940	91,172
Public Health Emergency Preparedness:		
Administered by Sweetwater County Board of Health	93.069	119,121
Temporary Assistance for Needy Families:		
Administered by Sweetwater County Board of Health	93.558	166,705
Maternal and Child Health Services Block Grant to the States:		
Administered by Sweetwater County Board of Health	93.994	84,073
<i>Passed through Sweetwater County Tripartite Board:</i>		
Community Services Block Grant:		
Administered by Sweetwater County	93.569	137,361
<i>Passed through Wyoming Department of Family Services:</i>		
Temporary Assistance for Needy Families:		
Administered by Sweetwater County	93.558	32,846
Community-Based Child Abuse Prevention Grants:		
Administered by Sweetwater County Board of Health	93.590	9,978
Child Support Enforcement:		
Administered by Sweetwater County	93.563	38,139
<b>Total U.S. Department of Health and Human Services</b>		<u>1,024,465</u>
<b>U.S. Department of Agriculture</b>		
<i>Passed through Wyoming Department of Health:</i>		
Special Supplemental Nutrition Program for Women, Infants and Children (WIC):		
Administered by Sweetwater County	10.557	64,616
Schools and Roads - Grants to Counties:		
Administered by Sweetwater County	10.666	55,787
<i>Passed through Wyoming State Forestry Division:</i>		
Cooperative Forestry Assistance:		
Administered by Sweetwater County	10.664	5,066
National Fire Plan:		
Administered by Sweetwater County	15.242	3,917
<b>Total U.S. Department of Agriculture</b>		<u>129,386</u>

Continued

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For the Year Ended June 30, 2009**

	Federal CFDA Number	Expenditures
<b>U.S. Department of Transportation:</b>		
<i>Passed through Wyoming Department of Transportation:</i>		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:		
Administered by Sweetwater County	20.601	\$ 45,666
Alcohol Open Container Requirements:		
Administered by Sweetwater County	20.607	10,000
State Planning and Research:		
Administered by Sweetwater County	20.515	19,100
<i>Passed through Wyoming-Office of Homeland Security:</i>		
Interagency Hazardous Materials Public Sector Training and Planning Grants:		
Administered by Sweetwater County	20.703	1,229
<b>Total U.S. Department of Transportation</b>		<u>75,995</u>
<b>U.S. Department of Justice:</b>		
<i>Passed through Wyoming Department of Family Services:</i>		
Juvenile Accountability Block Grants:		
Administered by Sweetwater County	16.523	11,815
<i>Passed through Wyoming County Commissioners' Association:</i>		
Juvenile Justice and Delinquency Prevention - Allocation to States:		
Administered by Sweetwater County	16.540	30,901
<i>Passed through Volunteers of America:</i>		
Juvenile Justice and Delinquency Prevention - Allocation to States:		
Administered by Sweetwater County	16.540	15,489
<b>Total U.S. Department of Justice</b>		<u>58,205</u>
<b>Office of National Drug Control Policy:</b>		
<i>Passed through Wyoming Division of Criminal Investigation:</i>		
High Intensity Drug Trafficking Area (HIDTA) Funding:		
Administered by Sweetwater County	07.999	64,395
<b>U.S. Department of Homeland Security:</b>		
<i>Passed through Wyoming Office of Homeland Security:</i>		
Emergency Management Performance Grant:		
Administered by Sweetwater County	97.042	151,318
Citizen Corps:		
Administered by Sweetwater County	97.053	7,492
State Homeland Security Program:		
Administered by Sweetwater County	97.073	28,170
Law Enforcement Terrorism Prevention Program:		
Administered by Sweetwater County	97.074	5,426
Homeland Security Grant Program:		
Administered by Sweetwater County	97.067	211,968
<b>Total U.S. Department of Homeland Security</b>		<u>404,374</u>
<b>Total expenditures of Federal awards</b>		<u>\$ 4,456,605</u>

## SWEETWATER COUNTY, WYOMING

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (identified as 2009-01 through 2009-05) to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-01 through 2009-04 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 one 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 2009-06.

We also noted certain matters that we have reported to the management of the County in a separate letter dated February 12, 2010.

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

A handwritten signature in blue ink that reads "McGee, Hearne & Paig, LLP". The signature is written in a cursive style.

Cheyenne, Wyoming  
February 12, 2010

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

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 are applicable to each of its major Federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses, as defined above. However as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in Section III.A. of the accompanying schedule of findings and questioned costs as item 2009-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The County's response to the finding identified in our audit is described in the accompanying Exhibit I – Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, and 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  
February 12, 2010

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

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**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>	<u>Expenditures</u>
15.226	Payments in Lieu of Taxes	\$2,699,785
93.569	Community Services Block Grant	<u>137,361</u>
		<u>\$2,837,146</u>

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, 2009**

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**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

**A. Significant Deficiencies in Internal Control**

**2009-01: Preparation of Financial Statements, Related Footnote Disclosures and Accrual Adjustments**

Under our professional standards, the inability to ensure the propriety and completeness of the financial statements, including footnote disclosures, is considered a control deficiency. County personnel have considerable operational experience, but have limited experience in compiling the financial statements and appropriate related footnote disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

Several journal entries were identified through the audit processes that were necessary for the financial statements to be fairly presented. These journal entries related to cash, accounts receivable, vouchers and warrants payable, self-insurance claims incurred but not reported, property and equipment, inter-fund transfers, capital leases payable, deferred revenue, and prepaid expenses. County personnel do not currently possess the required proficiencies, and the County has not developed policies and procedures to prepare the County's financial statements in accordance with GAAP. We recommend that either current County personnel participate in extensive training in financial reporting for governmental entities or the County employ a person or persons with adequate background and competencies regarding financial reporting. These people should then be involved in establishing policies and procedures to ensure that complete and accurate information is available to properly record transactions in accordance with GAAP. These policies and procedures would include processes to ensure that: cash transactions are recorded in the proper period, all expenses are recorded in the proper period, that prepaid expenses are properly recorded, severance taxes and special fuels taxes are recorded in the proper period and fund, amounts of prepaid expenses are properly recorded as assets and then expensed to the periods to which they apply, all financial statement balances are properly supported by accurate records, balances are adjusted to the proper amounts, and reconciliations are performed as necessary.

## SWEETWATER COUNTY, WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2009

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#### **2009-02: Segregation of Duties**

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. 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, post journal entries, and reconcile accounts without an independent review. Several employees have access to the check printer, check stock, printed checks and the payroll and accounts payable system. The purchasing department has authority to authorize and create new vendors within the accounting system, enter invoices, and authorizes all disposals. Several employees have the ability to initiate purchases and sales of investments as well as the ability to post all purchases, sales, and other activity, without an independent review or reconciliation over these transactions.

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. 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.

#### **2009-03: Journal Entries**

The County does not have a review process in place over journal entries that are posted to the accounting system. 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. The inability to identify journal entries that are posted to the accounting system as well as the lack of a review process prevents the County from adequately monitoring adjustments that are made to the financial statements. We recommend the County develop and implement policies to prepare, review and track journal entries.

#### **2009-04: Capital Assets and Accounts Payable**

Capital assets are reported on the government-wide statements for governmental funds. The County's detail of capital assets excluded certain assets acquired in the current year relating to construction in process at year-end and included certain assets that should have been removed from the capital asset listing. Certain assets related to construction in process were omitted because the County's process for recognizing such activity at year-end was based on the date of the contractor's invoice, but should have been based on the date the construction services were received. This also resulted in an improper amount of accrued liabilities at year-end.

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

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**2009-05: Fund Accounting**

During the year ended June 30, 2009, the County created a new fund to account for certain transactions related to the Memorial Hospital of Sweetwater County. However, the trial balance presented for audit for this new fund was not accurate. In addition, County personnel were not aware of the proper classification of this fund in relation to the fund type (i.e. special revenue fund, agency fund, etc.), nor was there documentation regarding the creation or purpose of this fund. We recommend that when a new fund is established, the County maintain adequate documentation supporting the creation of the fund as well as the classification of fund type.

**B. Compliance Findings**

**2009-06: Collateralization of Deposits**

The County, including its component units, is required by Wyoming State Statutes to maintain collateral on its depository balances which exceed Federal depository insurance limits. At November 30, 2008, the Sweetwater County Fair Board was under-collateralized by \$638,199 and Southwest Counseling Services was under-collateralized by \$87,979. We recommend the Sweetwater County Fair Board and Southwest Counseling Services implement procedures to ensure that their depository balances are adequately collateralized at all times.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**A. Significant Deficiencies in Internal Control**

**2009-07: Identification of Federal Funds**

*Catalog of Federal Assistance (CFDA) Number and Title:* #15.226 Payments in Lieu of Taxes

*Federal Agency Name:* Department of the Interior

*Award Number/Name:* None

*Award Period:* July 1, 2008 – June 30, 2009

OMB Circular A-133 states that the auditee shall identify in its accounts all Federal awards received and expended and the Federal programs under which they were received. The County did not provide a complete schedule which properly identified all Federal funds received and expended. Specifically, the amount reported in the financial statements did not reconcile to the amount reported on the Schedule of Expenditures of Federal Awards. We recommend that procedures be implemented that allow County personnel to identify and track all Federal monies received and expended to ensure that the proper amounts of Federal expenditures are reported.

**B. Compliance Findings**

None

SWEETWATER COUNTY, WYOMING

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2009

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Finding	Status
<p><b><u>2008-07: Suspension and Debarment</u></b></p> <p><i>Catalog of Federal Assistance (CFDA) Number and Title:</i> 20.205 Highway Planning and Construction, Homeland Security Cluster</p> <p><i>Federal Agency Name:</i> Enforcement and Department of Transportation, Federal Highway Administration, Department of Homeland Security</p> <p><i>Award Number/Name:</i> CMAQ, Various</p> <p><i>Award Period:</i> January 17, 2006 – September 30, 2007, Various</p>	<p>During the year, the County implemented one-on-one EPLS training provided by the Grants Manager to the Facilities, Engineering, and Purchasing Departments. The County also distributed the “Instructions for Excluded Parties List System” guidance that was created by the Grants Manager to the Purchasing, Engineering, and Facilities Departments. Also, the County distributed a “Suspension and Debarment” information sheet to the Purchasing, Engineering, and Facilities Departments.</p>
<p>2 CFR Part 180 prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred, or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$25,000 and all non-procurement transactions (e.g. subawards to recipients). Presently, the above mentioned grants do not have an effective system in place to determine if covered transactions are with entities that are suspended or debarred from receiving Federal funds. We recommend that the County implement procedures to ensure the covered transactions are not with parties that are either suspended or debarred.</p>	
<p><b><u>2008-08: Homeland Security Cluster</u></b></p> <p><i>Federal Agency Name:</i> US Department of Homeland Security</p> <p><i>Award Number/Name:</i> 07-ODP-SWE-LS-HLE7</p> <p><i>Award Period:</i> July 1, 2007 – March 31, 2010</p>	<p>County Grant Policies were approved by Resolution on February 17, 2009 to implement procedures to ensure that reimbursement requests to awarding agencies are only done after goods have been received from the vendor and not when a vendor invoice is received. The policy states in reference to grant-funded products, grant recipients will not submit draw-down payment requests until they have received confirmation from the Purchasing Department that the product has arrived. Grant Policies are now distributed to all elected officials, department heads, and grant administrative staff. The Purchasing Department will also be alerted of potential Federal expenditures by circulating updated grant compilation of accounts itemized by recipient/department.</p>

# **EXHIBIT I**

## **CORRECTIVE ACTION PLAN**

## CORRECTIVE ACTION PLAN

***Catalog of Federal Assistance (CFDA) Number and Title:*** #15.226 Payments in Lieu of Taxes

***Federal Agency Name:*** Department of the Interior

***Award Number/Name:*** None

***Award Period:*** July 1, 2008 – June 30, 2009

OMB Circular A-133 states that the auditee shall identify in its accounts all Federal awards received and expended and the Federal programs under which they were received. The County did not provide a complete schedule which properly identified all Federal funds received and expended. Specifically, the amount reported in the financial statements did not reconcile to the amount reported on the Schedule of Expenditures of Federal Awards. We recommend that procedures be implemented that allow County personnel to identify and track all Federal monies received and expended to ensure that the proper amounts of Federal expenditures are reported.

**Sweetwater County Action Plan Response:** Sweetwater County will modify its policies and create new procedures by Resolution regarding Payment in Lieu of Taxes (PILT) so that the amount reported in the financial statements will agree to the amount reported on the Schedule of Federal Expenditures.

**Estimated Date of Completion:** March 2010

**Staff Members Assigned to Monitor Completion:** Dale Davis, County Clerk (307) 872-3765; Krisena Marchal, Grants Manager (307) 872-6470.