

**SWEETWATER COUNTY, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**JUNE 30, 2010**

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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, 2010, 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 \$94,340,513 and whose revenues totaled \$51,710,302 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, 2010, 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 March 21, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 51 and 52, and the schedule of funding progress on page 53, 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.

*Mc Gee, Hearne & Paig, LLP*

Cheyenne, Wyoming  
March 21, 2011

# 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, 2010. 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 \$103,216,636 (*net assets*). Of this amount, \$29,807,559 (*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 \$184,003,380 and unrestricted net assets were \$60,072,083. 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 \$32,001,873, an increase of \$3,585,472 from the prior year. Of this amount, \$31,115,069 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 \$26,596,630 or 60% of total general fund expenditures.
- Total debt (capital leases) for the primary government decreased by \$734,087 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, as well as the schedule of funding progress, starting on page 51.

**Other information.** Combining and individual fund statements and schedules can be found starting on page 54 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)

	2010			2009		
	Primary Government	Component Units		Primary Government	Component Units	
	Governmental Activities	Governmental Activities	Business-type Activities	Governmental Activities	Governmental Activities	Business-type Activities
Current and other assets	\$ 62.29	\$ 14.48	\$ 29.78	\$ 66.98	\$ 14.69	\$ 38.56
Capital assets	70.28	13.37	64.56	67.81	13.01	58.79
<b>Total assets</b>	<b>132.57</b>	<b>27.85</b>	<b>94.34</b>	<b>134.79</b>	<b>27.70</b>	<b>97.35</b>
Current liabilities	28.23	9.45	4.13	37.64	9.66	8.71
Non-current liabilities	1.12	0.51	27.32	1.47	0.70	30.23
<b>Total liabilities</b>	<b>29.35</b>	<b>9.96</b>	<b>31.45</b>	<b>39.11</b>	<b>10.36</b>	<b>38.94</b>
Net assets:						
Investment in capital assets, net of related debt	68.89	12.68	37.24	65.68	12.09	36.69
Restricted	4.52	-	0.59	4.11	-	0.70
Unrestricted	29.81	5.21	25.06	25.89	5.25	21.02
<b>Total net assets</b>	<b>\$ 103.22</b>	<b>\$ 17.89</b>	<b>\$ 62.89</b>	<b>\$ 95.68</b>	<b>\$ 17.34</b>	<b>\$ 58.41</b>

As depicted, at June 30, 2010, the County's Primary government and component unit assets exceeded liabilities by approximately \$103.22 and \$80.78 million (net assets) respectively. 67% and 62% 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 \$4.52 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 2010.

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

	2010			2009		
	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	\$ 1.94	\$ 3.40	\$ 47.12	\$ 2.19	\$ 3.65	\$ 43.80
Operating grants	5.82	7.34	-	5.14	7.95	-
Capital grants and cont.	3.11	1.10	-	5.58	0.02	0.01
General Revenues:						
Property taxes	28.51	8.32	0.75	18.54	8.98	0.70
Sales taxes	9.91	0.62	2.56	12.46	0.89	7.20
Licenses and permits	1.26	-	-	1.25	-	-
Other income	0.65	0.23	1.06	0.13	0.62	0.39
Interest income	0.50	0.18	0.21	1.74	0.16	0.24
Transfers, donations and losses	-	-	-	(3.91)	-	-
<b>Total revenues</b>	<u>51.70</u>	<u>21.19</u>	<u>51.70</u>	<u>43.12</u>	<u>22.27</u>	<u>52.34</u>
Expenses:						
General government	19.98	-	-	20.05	-	-
Public safety	15.24	-	-	10.61	-	-
Road and bridge	7.75	-	-	8.03	-	-
Health, recreation and welfare	1.09	20.64	-	0.09	21.07	-
Conservation of natural resources	0.10	-	-	0.15	-	-
Memorial Hospital of Sweetwater County	-	-	47.22	-	-	44.88
<b>Total expenses</b>	<u>44.16</u>	<u>20.64</u>	<u>47.22</u>	<u>38.93</u>	<u>21.07</u>	<u>44.88</u>
Change in net assets	7.54	0.55	4.48	4.19	1.20	7.46
Net assets-Beginning	<u>95.68</u>	<u>17.34</u>	<u>58.41</u>	<u>91.49</u>	<u>16.14</u>	<u>50.95</u>
Net assets-Ending	<u>\$ 103.22</u>	<u>\$ 17.89</u>	<u>\$ 62.89</u>	<u>\$ 95.68</u>	<u>\$ 17.34</u>	<u>\$ 58.41</u>

**Governmental activities.** Governmental activities for the primary government increased the County's net assets by approximately \$7.54 million. The key elements of this increase are as follows:

- Property taxes increased by approximately \$9.97 million. This is a 54% increase over the prior year. Sales tax revenues decreased by approximately \$2.55 million for a 20% decrease over the prior year.
- General government is the largest expenditure program accounting for 45% of the total expenditures for the County. Public safety is second at 35% and Road and bridge is third with 18%.
- Primary government expenditures increased by approximately \$5.23 million or 13% over the previous year.

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

- Revenues decreased by approximately \$0.64 million or 1% under the prior year.
- Expenses increased by approximately \$2.34 million or 5% over the prior year.
- Revenues were in excess of expenditures increasing net assets by approximately \$4.48 million.

**General Fund Budgetary Highlights**

(In Millions)

	2010				2009			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Taxes	\$ 37.22	\$ 37.22	\$ 38.47	\$ 1.25	\$ 33.31	\$ 31.32	\$ 31.02	\$ (0.30)
Licenses and permits	1.26	1.26	1.26	-	1.46	1.47	1.25	(0.22)
Intergovernmental	6.68	8.00	5.20	(2.80)	4.54	7.22	4.50	(2.72)
Charges for services	1.47	1.47	1.49	0.02	1.60	1.60	1.81	0.21
Interest	0.60	0.60	0.38	(0.22)	0.65	0.65	1.47	0.82
Miscellaneous	1.29	1.29	0.68	(0.61)	0.99	0.99	0.14	(0.85)
Total revenues	48.52	49.84	47.48	(2.36)	42.55	43.25	40.19	(3.06)
Expenditures:								
General government	22.57	23.00	18.52	4.48	21.84	22.23	17.25	4.98
Public safety	15.87	15.32	14.38	0.94	12.30	12.77	10.21	2.56
Road and bridge	5.48	5.53	4.41	1.12	6.22	6.22	4.43	1.79
Health, recreation and welfare	1.37	1.87	1.21	0.66	0.06	0.10	0.09	0.01
Conservation of natural resources	0.07	0.10	0.09	0.01	0.22	0.22	0.13	0.09
Capital outlay	7.27	8.05	5.57	2.48	10.47	10.24	7.32	2.92
Total expenditures	52.63	53.87	44.18	9.69	51.11	51.78	39.43	12.35
Transfers from other funds	-	-	(0.13)	(0.13)	-	-	-	-
Net change in Fund Balance	\$ (4.11)	\$ (4.03)	\$ 3.17	\$ 7.20	\$ (8.56)	\$ (8.53)	\$ 0.76	\$ 9.29

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

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

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

### Capital assets

At the end of the year, for governmental activities, the County and its component units had invested \$83.66 million in a variety of capital assets, as reflected in the following schedule, which represents an increase of \$2.84 million or 4% 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, 2010. Additional information on the County's capital assets can be found in Note 9 of this report.

#### Primary Government

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 1,098,997	\$ -	\$ -	\$ -	\$ 1,098,997
Construction in progress	11,128,678	4,837,561	(282,595)	(5,889,539)	9,794,105
Total capital assets not being depreciated	<u>12,227,675</u>	<u>4,837,561</u>	<u>(282,595)</u>	<u>(5,889,539)</u>	<u>10,893,102</u>
Capital assets being depreciated:					
Buildings and improvements	24,606,134	203,345	-	2,412,362	27,221,841
Equipment and furnishings	14,809,560	1,476,546	(370,623)	778,983	16,694,466
Infrastructure	98,960,444	1,000,027	-	2,643,235	102,603,706
Total capital assets being depreciated	<u>138,376,138</u>	<u>2,679,918</u>	<u>(370,623)</u>	<u>5,834,580</u>	<u>146,520,013</u>
Less: Accumulated depreciation:					
Buildings and improvements	(7,159,322)	(644,250)	-	-	(7,803,572)
Equipment and furnishings	(8,512,150)	(1,303,448)	338,764	54,959	(9,421,875)
Infrastructure	(67,126,031)	(2,779,692)	-	-	(69,905,723)
Total accumulated depreciation	<u>(82,797,503)</u>	<u>(4,727,390)</u>	<u>338,764</u>	<u>54,959</u>	<u>(87,131,170)</u>
Net depreciable assets	<u>55,578,635</u>	<u>(2,047,472)</u>	<u>(31,859)</u>	<u>5,889,539</u>	<u>59,388,843</u>
Total net capital assets	<u>\$ 67,806,310</u>	<u>\$ 2,790,089</u>	<u>\$ (314,454)</u>	<u>\$ -</u>	<u>\$ 70,281,945</u>

## Component Units

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Construction in progress	\$ 124,504	\$ 172,447	\$ (15,638)	\$ (97,718)	\$ 183,595
Capital assets being depreciated:					
Buildings and improvements	28,969,128	844,913	-	97,718	29,911,759
Equipment and furnishings	3,099,461	298,600	(64,839)	54,959	3,388,181
Total capital assets being depreciated	<u>32,068,589</u>	<u>1,143,513</u>	<u>(64,839)</u>	<u>152,677</u>	<u>33,299,940</u>
Less: Accumulated depreciation:					
Buildings and improvements	(17,250,658)	(719,627)	-	-	(17,970,285)
Equipment and furnishings	(1,930,050)	(210,858)	59,729	(54,959)	(2,136,138)
Total accumulated depreciation	<u>(19,180,708)</u>	<u>(930,485)</u>	<u>59,729</u>	<u>(54,959)</u>	<u>(20,106,423)</u>
Net depreciable capital assets	<u>12,887,881</u>	<u>213,028</u>	<u>(5,110)</u>	<u>97,718</u>	<u>13,193,517</u>
Total net capital assets	<u>\$ 13,012,385</u>	<u>\$ 385,475</u>	<u>\$ (20,748)</u>	<u>\$ -</u>	<u>\$ 13,377,112</u>

## Business-Type Activities

	Balance June 30, 2009	Additions	Deletions/ Transfers	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 18,245	\$ -	\$ -	\$ 18,245
Construction in progress	16,402,243	11,449,645	(26,803,747)	1,048,141
Total capital assets not being depreciated	<u>16,420,488</u>	<u>11,449,645</u>	<u>(26,803,747)</u>	<u>1,066,386</u>
Capital assets being depreciated:				
Buildings and improvements	22,561,570	-	6,114,073	28,675,643
Equipment and furnishings	56,286,563	-	20,689,674	76,976,237
Total capital assets being depreciated	<u>78,848,133</u>	<u>-</u>	<u>26,803,747</u>	<u>105,651,880</u>
Less: Accumulated depreciation:				
Buildings and improvements	(6,655,746)	(865,975)	-	(7,521,721)
Equipment and furnishings	(29,823,214)	(4,811,395)	-	(34,634,609)
Total accumulated depreciation	<u>(36,478,960)</u>	<u>(5,677,370)</u>	<u>-</u>	<u>(42,156,330)</u>
Net depreciable assets	<u>42,369,173</u>	<u>(5,677,370)</u>	<u>26,803,747</u>	<u>63,495,550</u>
Total net capital assets	<u>\$ 58,789,661</u>	<u>\$ 5,772,275</u>	<u>\$ -</u>	<u>\$ 64,561,936</u>

## Long-term debt

At year-end, the County had \$3,284,330 in long-term debt. In addition, governmental-type component units of the County had \$1,326,695 in long-term debt and the business-type component unit of the County had \$27,982,798 in long-term debt. Debt consists of Compensated absences, net OPEB obligation, Capital leases, Hospital Revenue Bonds and a note payable. State statute allows the County to have 2% of its assessed valuation in bonded debt. Additional information on the County's long-term debt can be found in Notes 11 through 15 and Note 22 of this report.

### Primary Government

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Due within one year
Net OPEB obligation	\$ -	\$ 495,878	\$ -	\$ 495,878	\$ -
Compensated absences	1,329,299	1,430,758	(1,362,912)	1,397,145	1,362,912
Capital leases	<u>2,125,394</u>	<u>149,446</u>	<u>(883,533)</u>	<u>1,391,307</u>	<u>797,073</u>
Total long-term liabilities	<u>\$ 3,454,693</u>	<u>\$ 2,076,082</u>	<u>\$ (2,246,445)</u>	<u>\$ 3,284,330</u>	<u>\$ 2,159,985</u>

### Governmental-Type Component Units

Compensated absences	\$ 630,128	\$ 963,067	\$ (957,817)	\$ 635,378	\$ 626,536
Notes payable	649,435	-	(118,894)	530,541	125,289
Capital leases	<u>267,542</u>	<u>-</u>	<u>(106,766)</u>	<u>160,776</u>	<u>61,551</u>
Total long-term liabilities	<u>\$ 1,547,105</u>	<u>\$ 963,067</u>	<u>\$ (1,183,477)</u>	<u>\$ 1,326,695</u>	<u>\$ 813,376</u>

### Business-Type Component Unit

Compensated absences	\$ 736,887	\$ 664,222	\$ (736,887)	\$ 664,222	\$ 664,222
Hospital revenue bonds	<u>30,397,298</u>	<u>-</u>	<u>(3,078,722)</u>	<u>27,318,576</u>	<u>-</u>
Total long-term liabilities	<u>\$ 31,134,185</u>	<u>\$ 664,222</u>	<u>\$ (3,815,609)</u>	<u>\$ 27,982,798</u>	<u>\$ 664,222</u>

## Requests for Information

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

## **BASIC FINANCIAL STATEMENTS**

SWEETWATER COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS	Primary	Component Units		
	Government		Business-Type	
	Governmental	Governmental	Memorial	Total
	Activities	Activities	Hospital	
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 30,560,226	\$ 5,763,036	\$ 7,981,691	\$ 13,744,727
Due from other governments	1,656,270	-	-	-
Due from broker	1,065,542	-	-	-
Due from primary government	-	-	750,234	750,234
Accounts receivable, net	18,029,106	8,587,020	6,966,293	15,553,313
Grants receivable	131,730	39,093	-	39,093
Inventories	362,427	44,295	1,525,107	1,569,402
Prepaid items	200,781	45,821	621,957	667,778
<b>Total current assets</b>	<b>52,006,082</b>	<b>14,479,265</b>	<b>17,845,282</b>	<b>32,324,547</b>
Noncurrent Assets				
Cash and investments	10,284,213	-	10,412,242	10,412,242
Notes receivable	-	-	460,897	460,897
Rental property, net	-	-	603,235	603,235
Deferred financing costs	-	-	456,921	456,921
Capital assets not being depreciated:				
Land	1,098,997	-	18,245	18,245
Construction in progress	9,794,105	183,595	1,048,141	1,231,736
Capital assets being depreciated:				
Buildings and improvements	27,221,841	29,911,759	28,675,643	58,587,402
Equipment and furnishings	16,694,466	3,388,181	76,976,237	80,364,418
Infrastructure	102,603,706	-	-	-
Accumulated depreciation	(87,131,170)	(20,106,423)	(42,156,330)	(62,262,753)
<b>Total noncurrent assets</b>	<b>80,566,158</b>	<b>13,377,112</b>	<b>76,495,231</b>	<b>89,872,343</b>
<b>Total assets</b>	<b>132,572,240</b>	<b>27,856,377</b>	<b>94,340,513</b>	<b>122,196,890</b>
<b>LIABILITIES</b>				
Current Liabilities				
Warrants and vouchers payable	3,072,834	549,978	2,540,454	3,090,432
Investment purchase payable	1,093,750	-	-	-
Due to other government	750,234	-	-	-
Accrued liabilities	505,391	54,484	924,658	979,142
Court bonds and other funds held	148,026	-	-	-
Deferred revenue	20,501,039	8,031,079	-	8,031,079
Notes payable, due within one year	-	125,289	-	125,289
Capital leases payable, due within one year	797,073	61,551	-	61,551
Compensated absences, due within one year	1,362,912	626,536	664,222	1,290,758
<b>Total current liabilities</b>	<b>28,231,259</b>	<b>9,448,917</b>	<b>4,129,334</b>	<b>13,578,251</b>
Noncurrent Liabilities				
Net OPEB obligation	495,878	-	-	-
Notes payable, due in more than one year	-	405,252	27,318,576	27,723,828
Capital leases payable, due in more than one year	594,234	99,225	-	99,225
Compensated absences, due in more than one year	34,233	8,842	-	8,842
<b>Total noncurrent liabilities</b>	<b>1,124,345</b>	<b>513,319</b>	<b>27,318,576</b>	<b>27,831,895</b>
<b>Total liabilities</b>	<b>29,355,604</b>	<b>9,962,236</b>	<b>31,447,910</b>	<b>41,410,146</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	68,890,638	12,685,795	37,243,360	49,929,155
Restricted for:				
Jail Tax Fund	3,158,685	-	-	-
SC Road Fund	656,045	-	-	-
Enhanced 911 Fund	703,709	-	-	-
Restricted by contributors and grantors for capital acquisition	-	-	468,904	468,904
Restricted for debt service and capital acquisition	-	-	124,161	124,161
Unrestricted	29,807,559	5,208,346	25,056,178	30,264,524
<b>Total net assets</b>	<b>\$ 103,216,636</b>	<b>\$ 17,894,141</b>	<b>\$ 62,892,603</b>	<b>\$ 80,786,744</b>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2010**

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	\$ 19,976,663	\$ 656,908	\$ 3,324,054	\$ -	\$ (15,995,701)	\$ -	\$ -	\$ -
Public safety	15,243,979	1,229,063	662,538	-	(13,352,378)	-	-	-
Road and bridge	7,746,900	-	1,781,174	3,107,088	(2,858,638)	-	-	-
Health, recreation and welfare	1,094,898	51,236	-	-	(1,043,662)	-	-	-
Conservation of natural resources	100,586	-	48,927	-	(51,659)	-	-	-
<b>Total governmental activities</b>	<b>44,163,026</b>	<b>1,937,207</b>	<b>5,816,693</b>	<b>3,107,088</b>	<b>(33,302,038)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component Units</b>								
Governmental activities	20,639,525	3,396,950	7,339,673	1,102,934	-	(8,799,968)	-	(8,799,968)
Business-type activities	47,224,430	47,124,226	-	3,371	-	-	(96,833)	(96,833)
<b>Total component units</b>	<b>\$ 67,863,955</b>	<b>\$ 50,521,176</b>	<b>\$ 7,339,673</b>	<b>\$ 1,106,305</b>	<b>-</b>	<b>(8,799,968)</b>	<b>(96,833)</b>	<b>(8,896,801)</b>
<b>General Revenues</b>								
Taxes:								
Property taxes					28,514,178	8,325,943	750,234	9,076,177
Sales and other taxes					9,912,037	617,701	2,560,101	3,177,802
Licenses and permits					1,262,267	-	-	-
Other income					648,931	234,366	1,062,186	1,296,552
Interest income					500,826	175,145	210,184	385,329
<b>Total general revenues</b>					<b>40,838,239</b>	<b>9,353,155</b>	<b>4,582,705</b>	<b>13,935,860</b>
<b>Change in net assets</b>					<b>7,536,201</b>	<b>553,187</b>	<b>4,485,872</b>	<b>5,039,059</b>
Nets Assets, beginning					95,680,435	17,340,954	58,406,731	75,747,685
Net Assets, ending					\$ 103,216,636	\$ 17,894,141	\$ 62,892,603	\$ 80,786,744

See Notes to Financial Statements.

# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**SWEETWATER COUNTY, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010**

<b>ASSETS</b>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 31,961,687	\$ 4,453,377	\$ 36,415,064
Due from other governments	1,466,585	189,685	1,656,270
Due from other funds	77,303	-	77,303
Due from broker	1,065,542	-	1,065,542
Receivables:			
Taxes and interest on taxes	17,841,028	-	17,841,028
Accrued interest	172,036	16,042	188,078
Grants	131,730	-	131,730
Inventories	362,427	-	362,427
Prepaid items	524,377	-	524,377
<b>Total assets</b>	<b>\$ 53,602,715</b>	<b>\$ 4,659,104</b>	<b>\$ 58,261,819</b>
<b>LIABILITIES</b>			
Warrants and vouchers payable	\$ 3,333,068	\$ 63,362	\$ 3,396,430
Investment purchase payable	1,093,750	-	1,093,750
Due to other governments	750,234	-	750,234
Due to other funds	-	77,303	77,303
Accrued expenses	1,085	-	1,085
Court bonds and other funds held	148,026	-	148,026
Deferred revenue	20,793,118	-	20,793,118
<b>Total liabilities</b>	<b>26,119,281</b>	<b>140,665</b>	<b>26,259,946</b>
<b>FUND BALANCES</b>			
Reserved	886,804	-	886,804
Unreserved, designated	20,461,884	-	20,461,884
Unreserved, undesignated:			
General fund	6,134,746	-	6,134,746
Special revenue funds	-	4,518,439	4,518,439
<b>Total fund balances</b>	<b>27,483,434</b>	<b>4,518,439</b>	<b>32,001,873</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,602,715</b>	<b>\$ 4,659,104</b>	<b>\$ 58,261,819</b>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

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

**June 30, 2010**

**Total Fund Balances - Governmental Funds** \$ 32,001,873

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. 70,281,945

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. 292,079

Long-term liabilities, including net OPEB obligation, capital leases payable, accrued interest expense on capital leases, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (3,323,636)

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. 3,964,375

**Net assets of governmental activities** \$ 103,216,636

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Taxes	\$ 38,470,219	\$ -	\$ 38,470,219
Licenses and permits	1,262,267	-	1,262,267
Intergovernmental revenue	5,204,974	611,719	5,816,693
Charges for services	1,485,691	451,516	1,937,207
Interest	375,762	89,868	465,630
Miscellaneous	648,931	-	648,931
<b>Total revenue</b>	<b>47,447,844</b>	<b>1,153,103</b>	<b>48,600,947</b>
<b>Expenditures</b>			
Current:			
General government	18,516,936	34,871	18,551,807
Public safety	14,376,965	126,590	14,503,555
Road and bridge	4,415,426	-	4,415,426
Health, recreation and welfare	1,209,126	-	1,209,126
Conservation of natural resources	92,248	-	92,248
Capital outlay	5,714,995	707,415	6,422,410
<b>Total expenditures</b>	<b>44,325,696</b>	<b>868,876</b>	<b>45,194,572</b>
<b>Excess of revenue over expenditures</b>	<b>3,122,148</b>	<b>284,227</b>	<b>3,406,375</b>
<b>Other Financing Sources</b>			
Transfers from other funds	-	127,311	127,311
Transfers to other funds	(127,311)	-	(127,311)
Proceeds from capital leases	149,446	-	149,446
Proceeds from sale of capital assets	29,651	-	29,651
<b>Net change in fund balances</b>	<b>3,173,934</b>	<b>411,538</b>	<b>3,585,472</b>
Fund Balance, beginning	24,309,500	4,106,901	28,416,401
Fund Balance, ending	<b>\$ 27,483,434</b>	<b>\$ 4,518,439</b>	<b>\$ 32,001,873</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, 2010**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,585,472

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases and contributions exceeded depreciation in the current period. 2,790,089

Governmental funds do not report gains and losses on sales, retirements, or donations of fixed assets. However, the statement of activities reports these amounts. (314,454)

The statement of activities reports a decrease in revenue due to current activity in deferred revenues which is not reported at the fund level. (44,004)

The net OPEB obligation and the long-term portion of the liability for compensated absences are not recorded in the fund level, but are reported in the statement of net assets. This is the current year change in these liabilities, reported as an expense in the statement of activities. (563,724)

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. 727,858

Internal service funds are accounted for as proprietary funds, therefore, they are not included in the governmental funds. 1,354,964

**Change in net assets of governmental activities** \$ 7,536,201

See Notes to Financial Statements.

# **PROPRIETARY FUND FINANCIAL STATEMENTS**

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND**

**June 30, 2010**

	Internal Service Insurance Fund
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 4,429,375
<b>Total assets</b>	<u>4,429,375</u>
<b>LIABILITIES AND FUND EQUITY</b>	
Current Liabilities	
Accrued liabilities	465,000
<b>Total current liabilities</b>	<u>465,000</u>
Net Assets	
Unrestricted	<u>3,964,375</u>
<b>Total net assets</b>	<u><u>\$ 3,964,375</u></u>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

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

**PROPRIETARY FUND**

**For the Year Ended June 30, 2010**

	Internal Service Insurance Fund
Operating Revenues	
Insurance premiums	\$ 5,714,239
Operating Expenses	
Insurance claims	<u>4,394,471</u>
<b>Operating income</b>	1,319,768
Nonoperating Revenue	
Interest income	<u>35,196</u>
<b>Change in net assets</b>	1,354,964
Net Assets	
Beginning of year	<u>2,609,411</u>
End of year	<u><u>\$ 3,964,375</u></u>

See Notes to Financial Statements.

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2010**

	Internal Service Insurance Fund
Cash Flows from Operating Activities	
Cash receipts on premiums	\$ 5,714,239
Payments on insurance claims	<u>(4,294,471)</u>
<b>Net cash provided by operating activities</b>	<u>1,419,768</u>
Cash Flows from Investing Activities	
Interest income	<u>35,196</u>
<b>Net increase in cash and cash equivalents</b>	1,454,964
Cash and Cash Equivalents	
Beginning of year	<u>2,974,411</u>
End of year	<u><u>\$ 4,429,375</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,319,768
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Accrued liabilities	<u>100,000</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 1,419,768</u></u>

See Notes to Financial Statements.

# **FIDUCIARY FUND FINANCIAL STATEMENT**

**SWEETWATER COUNTY, WYOMING**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND**

**June 30, 2010**

	Property Tax Fund
<b>ASSETS</b>	
Cash	\$ 10,332,720
Property taxes and interest receivable	2,154,443
	<u>\$ 12,487,163</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 12,487,163</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, 2010**

<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	\$ 2,270,262	\$ 639,485	\$ 1,454,848	\$ 1,398,441	\$ 5,763,036
Receivables:					
Taxes and interest on taxes	847,825	2,344,755	3,697,471	1,229,541	8,119,592
Accounts and insurance credits	341,400	35,694	-	90,334	467,428
Grants	31,276	4,003	-	3,814	39,093
Inventories	-	44,295	-	-	44,295
Prepaid items	-	-	-	45,821	45,821
Capital assets not being depreciated:					
Construction in progress	63,281	-	18,375	101,939	183,595
Capital assets being depreciated:					
Buildings and improvements	6,460,234	12,001,714	2,506,988	8,942,823	29,911,759
Equipment and furnishings	731,955	1,989,723	180,085	486,418	3,388,181
Accumulated depreciation	(3,026,225)	(7,340,687)	(2,223,153)	(7,516,358)	(20,106,423)
<b>Total assets</b>	<b>\$ 7,720,008</b>	<b>\$ 9,718,982</b>	<b>\$ 5,634,614</b>	<b>\$ 4,782,773</b>	<b>\$ 27,856,377</b>
<b>LIABILITIES</b>					
Warrants and vouchers payable	\$ 101,327	\$ 42,160	\$ -	\$ 406,491	\$ 549,978
Accrued expenses	-	21,302	24,052	9,130	54,484
Deferred revenue	829,612	2,306,365	3,638,837	1,256,265	8,031,079
Notes payable:					
Due within one year	125,289	-	-	-	125,289
Due in more than one year	405,252	-	-	-	405,252
Capital leases payable:					
Due within one year	-	61,551	-	-	61,551
Due in more than one year	-	99,225	-	-	99,225
Compensated absences:					
Due within one year	264,155	103,133	187,362	71,886	626,536
Due in more than one year	-	-	-	8,842	8,842
<b>Total liabilities</b>	<b>1,725,635</b>	<b>2,633,736</b>	<b>3,850,251</b>	<b>1,752,614</b>	<b>9,962,236</b>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	3,698,704	6,489,974	482,295	2,014,822	12,685,795
Unrestricted	2,295,669	595,272	1,302,068	1,015,337	5,208,346
<b>Total fund balances</b>	<b>\$ 5,994,373</b>	<b>\$ 7,085,246</b>	<b>\$ 1,784,363</b>	<b>\$ 3,030,159</b>	<b>\$ 17,894,141</b>

See Notes to Financial Statements.

SWEETWATER COUNTY, WYOMING

STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS  
For the Year Ended June 30, 2010

	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	\$ 9,772,906	\$ 1,820,963	\$ 6,692,520	\$ -	\$ (1,259,423)	\$ -	\$ -	\$ -	\$ (1,259,423)
Events Complex									
Health, recreation and welfare	3,785,415	1,102,427	-	1,014,381	-	(1,668,607)	-	-	(1,668,607)
Library System									
Health, recreation and welfare	3,718,979	-	8,537	18,375	-	-	(3,692,067)	-	(3,692,067)
Nonmajor Component Units									
Health, recreation and welfare	3,362,225	473,560	638,616	70,178	-	-	-	(2,179,871)	(2,179,871)
<b>Total component units</b>	<b>\$ 20,639,525</b>	<b>\$ 3,396,950</b>	<b>\$ 7,339,673</b>	<b>\$ 1,102,934</b>	<b>(1,259,423)</b>	<b>(1,668,607)</b>	<b>(3,692,067)</b>	<b>(2,179,871)</b>	<b>(8,799,968)</b>
General Revenues									
Taxes:									
Property taxes					851,659	2,286,731	3,294,745	1,892,808	8,325,943
Sales and other taxes					63,945	170,609	255,890	127,257	617,701
Rental income					-	234,366	-	-	234,366
Interest income					47,001	803	113,824	13,517	175,145
<b>Total general revenues</b>					<b>962,605</b>	<b>2,692,509</b>	<b>3,664,459</b>	<b>2,033,582</b>	<b>9,353,155</b>
<b>Change in net assets</b>					<b>(296,818)</b>	<b>1,023,902</b>	<b>(27,608)</b>	<b>(146,289)</b>	<b>553,187</b>
Net Assets, beginning					6,291,191	6,061,344	1,811,971	3,176,448	17,340,954
Net Assets, ending					<b>\$ 5,994,373</b>	<b>\$ 7,085,246</b>	<b>\$ 1,784,363</b>	<b>\$ 3,030,159</b>	<b>\$ 17,894,141</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 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 \$25,056,178 of unrestricted net assets reported in 2010, \$9,943,338 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 approximately \$95,000 of interest expense during the year ended June 30, 2010.

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 at the County, but are forfeited at Memorial Hospital. Accrued unused vacation days are paid in full upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

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

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of charges foregone, based on established rates, was approximately \$2,447,000 for the year ended June 30, 2010.

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.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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

Noncurrent cash and investments – Memorial Hospital: Interest and dividends are included in nonoperating revenues when earned. Interest earnings on borrowed proceeds for capital acquisition are capitalized. The Hospital capitalized \$138,000 of interest income during the year ended June 30, 2010.

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.

#### Note 2. Cash and Investments

Cash and investments as of June 30, 2010 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	\$ 23,636,761	\$ 10,332,720	\$ 2,270,262	\$ 639,485	\$ 122,909	\$ 1,398,441
Wyoming Government Investment Fund	-	-	-	-	1,331,939	-
Certificate of deposit	101,156	-	-	-	-	-
Investments:						
FHLB	4,831,720	-	-	-	-	-
FNMA	6,905,513	-	-	-	-	-
FREDMAC	4,865,479	-	-	-	-	-
Farm Credit Systems Bank (FFCB)	503,810	-	-	-	-	-
<b>Total cash and investments</b>	<b>\$ 40,844,439</b>	<b>\$ 10,332,720</b>	<b>\$ 2,270,262</b>	<b>\$ 639,485</b>	<b>\$ 1,454,848</b>	<b>\$ 1,398,441</b>

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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.

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

Category:	Credit Rating	Market Value
FHLB	AAA	\$ 3,801,720
FHLB	AA	1,030,000
FNMA	AAA	2,027,420
FNMA	AA2	4,336,686
FNMA	Not Rated	541,407
FREDMAC	AAA	1,885,225
FREDMAC	AA2	2,980,254
FFCB	AAA	503,810

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, 2010, the primary government had bank balances on deposit of \$23,326,355, which were fully collateralized or insured. As of June 30, 2010, the Agency Funds had bank balances on deposit of \$10,332,720, which were fully collateralized or insured. As of June 30, 2010, the governmental type component units of the County had bank balances on deposit and certificates of deposit of \$6,137,318, which were fully collateralized or insured.

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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, 2010, all investment securities were held by either of the County's two custodians and registered in the County's name. The County does not have a formal investment policy for custodial credit risk.

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

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

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

Interest Rate Risk Organized by Investment Type Using Segmented Time Distribution  
As of June 30, 2010

	Primary Government			
	Market	Less Than 1 Year	1-5 Years	5-10 Years
Certificate of deposit	\$ 101,156	\$ 101,156	\$ -	\$ -
FHLB	4,831,720	756,075	3,045,645	1,030,000
FNMA	6,905,513	3,085,980	3,819,533	-
FREDMAC	4,865,479	2,980,254	1,885,225	-
FFCB	503,810	-	503,810	-
	<u>\$ 17,207,678</u>	<u>\$ 6,923,465</u>	<u>\$ 9,254,213</u>	<u>\$ 1,030,000</u>

The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the fund's portfolio maintain a dollar-weighted average maturity of less than 60 days. The weighted average maturity of the fund's entire portfolio at June 30, 2010 was 49 days.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2010, 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, 2010 meet the definition of cash and cash equivalents.

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

Carrying value:	
Deposits	\$ 6,842,201
WYO-STAR State Pooled Investments	11,551,732
<b>Total deposits and investments</b>	<b>\$ 18,393,933</b>

Interest income: Interest income of \$210,184 for the year ended June 30, 2010 is made up entirely of interest income from deposits and patient accounts at collection.

**Note 4. Accounts Receivable**

Accounts receivable consists primarily of property taxes receivable and interest on delinquent property taxes. Receivables also exist relating to accrued interest and services provided. The following schedule summarizes the carrying amounts and fair values of accounts receivable at June 30, 2010:

	Primary Government	Governmental Type Component Units			Nonmajor
		Mental Health	Events Complex	Library System	
Taxes and interest on taxes	\$ 17,841,028	\$ 847,825	\$ 2,344,755	\$ 3,697,471	\$ 1,229,541
Accounts receivable	188,078	1,567,858	35,694	-	96,604
Allowance for doubtful accounts	-	(1,226,458)	-	-	(6,270)
<b>Accounts receivable, net</b>	<b>\$ 18,029,106</b>	<b>\$ 1,189,225</b>	<b>\$ 2,380,449</b>	<b>\$ 3,697,471</b>	<b>\$ 1,319,875</b>

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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.

Memorial Hospital: Accounts receivable at June 30, 2010 consists of the following:

Patient receivables:	
Receivable from patients and their insurance carriers	\$ 7,147,653
Receivable from Medicare	1,043,318
Receivable from Medicaid	432,468
<b>Total patient accounts receivable</b>	<u>8,623,439</u>
Less: estimated allowance for uncollectible amounts	<u>(2,700,000)</u>
<b>Net patient accounts receivable</b>	5,923,439
Estimated third-party payor settlements	173,000
Other	869,854
<b>Accounts receivable, net</b>	<u><u>\$ 6,966,293</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.

# SWEETWATER COUNTY, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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, 2010, 2009 and 2008 were \$1,162,671, \$1,112,745 and \$1,007,484, 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, 2010, 2009 and 2008 were \$906,237, \$871,191 and \$784,347, 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, 2010, which equaled 100% of the required contributions for that year:

	Component Units			
	Mental Health	Events Complex	Library System	Nonmajor
Fiscal Year 2009-2010	\$ 584,512	\$ 103,907	\$ 220,805	\$ 154,444

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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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, Suite 500, Cheyenne, Wyoming 82002.

#### **Note 7. Employee Benefits – Memorial Hospital**

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

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

Total pension expense for the year ended June 30, 2010 was \$708,240.

#### **Note 8. General Obligation Debt**

At June 30, 2010, the County had no general obligation debt outstanding.

The June 30, 2010 legal debt margin of the County is computed as follows:

Assessed valuation, June 30, 2009	\$ 3,017,781,378
Debt limit, 2% of assessed valuation	\$ 60,355,628
Debt applicable to debt limit	-
<b>Legal debt margin</b>	<b>\$ 60,355,628</b>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary government:

	Balance June 30, 2009	Additions	Deletions/ Transfers	Balance June 30, 2010
<b>General Government</b>				
Capital assets not being depreciated:				
Land	\$ 1,098,997	\$ -	\$ -	\$ 1,098,997
Construction in progress	11,128,678	4,837,561	(6,172,134)	9,794,105
<b>Total capital assets not being depreciated</b>	<b>12,227,675</b>	<b>4,837,561</b>	<b>(6,172,134)</b>	<b>10,893,102</b>
Capital assets being depreciated:				
Buildings and improvements	24,606,134	203,345	2,412,362	27,221,841
Equipment and furnishings	14,809,560	1,476,546	408,360	16,694,466
Infrastructure	98,960,444	1,000,027	2,643,235	102,603,706
<b>Total capital assets being depreciated</b>	<b>138,376,138</b>	<b>2,679,918</b>	<b>5,463,957</b>	<b>146,520,013</b>
Less accumulated depreciation:				
Buildings and improvements	(7,159,322)	(644,250)	-	(7,803,572)
Equipment and furnishings	(8,512,150)	(1,303,448)	393,723	(9,421,875)
Infrastructure	(67,126,031)	(2,779,692)	-	(69,905,723)
<b>Total accumulated depreciation</b>	<b>(82,797,503)</b>	<b>(4,727,390)</b>	<b>393,723</b>	<b>(87,131,170)</b>
<b>Total capital assets being depreciated, net</b>	<b>55,578,635</b>	<b>(2,047,472)</b>	<b>5,857,680</b>	<b>59,388,843</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 67,806,310</b>	<b>\$ 2,790,089</b>	<b>\$ (314,454)</b>	<b>\$ 70,281,945</b>

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

Governmental activities:

General government	\$ 559,832
Public safety	714,743
Road and bridge	3,450,883
Conservation of natural resources	1,932
<b>Total depreciation, governmental activities</b>	<b>\$ 4,727,390</b>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

Discretely presented governmental type component units: Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Deletions/ Transfers	Balance June 30, 2010
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 124,504	\$ 172,447	\$ (113,356)	\$ 183,595
Capital assets being depreciated:				
Buildings and improvements	28,969,128	844,913	97,718	29,911,759
Equipment and furnishings	3,099,461	298,600	(9,880)	3,388,181
<b>Total capital assets being depreciated</b>	<b>32,068,589</b>	<b>1,143,513</b>	<b>87,838</b>	<b>33,299,940</b>
Less accumulated depreciation:				
Buildings and improvements	(17,250,658)	(719,627)	-	(17,970,285)
Equipment and furnishings	(1,930,050)	(210,858)	4,770	(2,136,138)
<b>Total accumulated depreciation</b>	<b>(19,180,708)</b>	<b>(930,485)</b>	<b>4,770</b>	<b>(20,106,423)</b>
<b>Total capital assets being depreciated, net</b>	<b>12,887,881</b>	<b>213,028</b>	<b>92,608</b>	<b>13,193,517</b>
<b>Government activities capital assets, net</b>	<b>\$ 13,012,385</b>	<b>\$ 385,475</b>	<b>\$ (20,748)</b>	<b>\$ 13,377,112</b>

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

Governmental activities:

Health, recreation, and welfare	\$ 930,485
<b>Total depreciation, governmental activities</b>	<b>\$ 930,485</b>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

	Balance June 30, 2009	Additions	Deletions/ Transfers	Balance June 30, 2010
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 18,245	\$ -	\$ -	\$ 18,245
Construction in progress	16,402,243	11,449,645	(26,803,747)	1,048,141
<b>Total capital assets not being depreciated</b>	<b>16,420,488</b>	<b>11,449,645</b>	<b>(26,803,747)</b>	<b>1,066,386</b>
Capital assets being depreciated:				
Buildings and improvements	22,561,570	-	6,114,073	28,675,643
Equipment and furnishings	56,286,563	-	20,689,674	76,976,237
<b>Total capital assets being depreciated</b>	<b>78,848,133</b>	<b>-</b>	<b>26,803,747</b>	<b>105,651,880</b>
Less accumulated depreciation:				
Buildings and improvements	(6,655,746)	(865,975)	-	(7,521,721)
Equipment and furnishings	(29,823,214)	(4,811,395)	-	(34,634,609)
<b>Total accumulated depreciation</b>	<b>(36,478,960)</b>	<b>(5,677,370)</b>	<b>-</b>	<b>(42,156,330)</b>
<b>Total capital assets being depreciated, net</b>	<b>42,369,173</b>	<b>(5,677,370)</b>	<b>26,803,747</b>	<b>63,495,550</b>
 <b>Business-type activities capital assets, net</b>	 <b>\$ 58,789,661</b>	 <b>\$ 5,772,275</b>	 <b>\$ -</b>	 <b>\$ 64,561,936</b>

Construction in progress at June 30, 2010 represents miscellaneous projects to be completed within fiscal year 2011 and will be funded internally through the Hospital's operations.

**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 at Sweetwater County, 80 West Flaming Gorge Way, Suite 109, Green River, Wyoming 82935.

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

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

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

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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

**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	\$ 1,329,299	\$ 231,232	\$ 118,710	\$ 187,362	\$ 92,824
Additions	1,430,758	567,285	111,842	193,267	90,673
Reductions	(1,362,912)	(534,362)	(127,419)	(193,267)	(102,769)
Ending balance	<u>\$ 1,397,145</u>	<u>\$ 264,155</u>	<u>\$ 103,133</u>	<u>\$ 187,362</u>	<u>\$ 80,728</u>
Due within one year	\$ 1,362,912	\$ 264,155	\$ 103,133	\$ 187,362	\$ 71,886
Due in more than one year	34,233	-	-	-	8,842

**Note 12. Obligations under Capital Lease**

During the year ended June 30, 2010, the County entered into one new lease agreement to acquire equipment. The lease is 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	\$ 2,515,255
Less accumulated depreciation	(525,059)
	<u>\$ 1,990,196</u>

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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	June 30, 2010 Balance
<b>Primary Government</b>	
5.12% lease to acquire two graders, payable in three annual installments of \$111,666	\$ 106,108
2.32% lease to acquire two snow plows, payable in three annual installments of \$115,195	112,561
3.92% lease to acquire heavy equipment, payable in three annual installments of \$141,296	266,553
3.44% lease to acquire vehicles, payable in three annual installments of \$137,694	133,042
3.34% lease to acquire two graders and a tractor, payable in three annual installments of \$240,892	699,245
2.52% lease to acquire heavy equipment, payable in two annual installments of \$75,656	73,798
	<u>\$ 1,391,307</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	\$ 302,111
Less accumulated depreciation	(76,040)
	<u>\$ 226,071</u>

	June 30, 2010 Balance
<b>Events Complex</b>	
4.36% lease to acquire a motor grader and utility tractor, payable in 60 monthly installments of \$3,795	\$ 107,681
4.20% lease to acquire a vehicle and scissor lift, payable in 60 monthly installments of \$1,810	53,095
	<u>\$ 160,776</u>

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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

	Primary Government	Events Complex
Year ended June 30,		
2011	\$ 850,324	\$ 67,260
2012	382,188	67,260
2013	240,892	35,470
<b>Total minimum lease payments</b>	<b>1,473,404</b>	<b>169,990</b>
Less: Amount representing interest	(82,097)	(9,214)
<b>Present value of net minimum lease payments</b>	<b>1,391,307</b>	<b>160,776</b>
Less: Capital lease payable, due within one year	(797,073)	(61,551)
<b>Capital leases payable, due in more than one year</b>	<b>\$ 594,234</b>	<b>\$ 99,225</b>

#### Note 13. Obligations Under Notes Payable and Subsequent Event

The Mental Health Board carries a \$1,500,000 note payable related to the purchase of land and a building. The agreement is contingent on the Mental Health Board's ability to appropriate funds as required by State statutes. The agreement initially bore interest at 6% with monthly payments of \$16,692 due the first of the month from July 1, 2004 until June 1, 2014. However, beginning July 1, 2009 the interest rate was adjusted to equal the published "Wall Street Journal" prime rate plus 2%, being 5.25% as of June 30, 2010. In addition, beginning July 1, 2009, monthly payments reduced to \$12,513 through June 1, 2014.

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

Year ended June 30,	
2011	\$ 125,289
2012	132,027
2013	139,128
2014	134,097
	<b>\$ 530,541</b>

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 August 2, 2010. The Events Complex can draw up to 75% of the anticipated 2010-2011 fiscal year property tax revenue remaining uncollected, up to \$2,305,000 at any given time. All funds borrowed must be repaid by June 30, 2011.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Primary Government</b>					
Capital leases	\$ 2,125,394	\$ 149,446	\$ (883,533)	\$ 1,391,307	\$ 797,073
<b>Discretely Presented Governmental Type Component Units</b>					
Mental Health, notes payable	649,435	-	(118,894)	530,541	125,289
Events Complex, capital leases	267,542	-	(106,766)	160,776	61,551

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

Long-term debt for Memorial Hospital consists of:

	June 30, 2009	Additions	Reductions	June 30, 2010
Hospital Revenue Bonds,				
Series 2006A	\$ 165,000	\$ -	\$ (165,000)	\$ -
Series 2006B	22,500,000	-	(2,915,000)	19,585,000
Series 2008	7,750,000	-	-	7,750,000
	<u>\$ 30,415,000</u>	<u>\$ -</u>	<u>\$ (3,080,000)</u>	27,335,000
Less:				
Discount				(16,424)
Current maturities				-
<b>Total long-term debt, net of current maturities</b>				<u><u>\$ 27,318,576</u></u>

The terms and due dates of the Hospital's long-term debt at June 30, 2010 are as follows:

Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue Bonds Series 2006A, variable rate bonds, .63% as of June 30, 2010, due in varying annual installments, secured by sales and use tax revenues. Paid in full in fiscal year 2010.

Sweetwater County, Wyoming (Memorial Hospital) Hospital Revenue Bonds Series 2006B, variable rate bonds, .63% as of June 30, 2010, 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, 2010, 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 (Hospital) 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
2011	\$ -	\$ 216,925	\$ 216,925
2012	-	216,925	216,925
2013	-	216,925	216,925
2014	-	216,925	216,925
2015	-	216,925	216,925
2016-2020	-	1,084,625	1,084,625
2021-2025	-	1,084,625	1,084,625
2026-2030	3,040,000	1,015,806	4,055,806
2031-2035	12,150,000	728,473	12,878,473
2036-2040	12,145,000	269,095	12,414,095
	<u>\$ 27,335,000</u>	<u>\$ 5,267,249</u>	<u>\$ 32,602,249</u>

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

Reserved fund balances have been established as follows:

	Primary Government
Reserved for inventories	\$ 362,427
Reserved for prepaid items	524,377
	<u>\$ 886,804</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	3,000,000
Health insurance reserve	8,650,000
	<u>\$ 20,461,884</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, 2010 under these leases are as follows:

2011	\$ 14,097
2012	13,230
2013	13,230
2014	13,230
2015	3,308
	<u>\$ 57,095</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, 2010, the IBNR was \$465,000. Changes in the IBNR from fiscal years 2010 and 2009 were as follows:

	Beginning of Fiscal Year Liability	Estimated Claims Incurred	Claim Payments	At Fiscal Year-End Liability
Fiscal Year 2008-2009	\$ 390,000	\$ 4,809,900	\$ (4,834,900)	\$ 365,000
Fiscal Year 2009-2010	\$ 365,000	\$ 4,394,471	\$ (4,294,471)	\$ 465,000

**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: The Hospital self-funds health benefits for eligible employees and their dependents. Health insurance expense is recorded on an accrual basis. An accrued liability is recorded in the financial statements which estimates the claims incurred but not yet reported and claims reported but not yet paid. The Hospital has stop loss insurance to cover catastrophic claims. The Hospital expensed amounts representing the employer's portion of actual claims paid, adjusted for the actuarially determined estimates of liabilities relating to claims resulting from services provided prior to the respective fiscal period end. The Hospital recognized approximately \$2,517,000 and \$1,950,000 of expense during the years ended June 30, 2010 and 2009, respectively. The estimated liability relating to self-funded health insurance was \$400,000 as of June 30, 2010 and 2009.

## 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.

#### **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.

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 21. Commitments**

As of June 30, 2010, 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 2010, the amounts below represent the activity pertaining to the County's portion of the contract as a whole.

	Expended to Date at June 30, 2010	Total Contract	Total Commitment at June 30, 2010
<b>Primary Government:</b>			
2010 Paint Striping	\$ -	\$ 160,775	\$ 160,775
2010 Paint Striping	13,267	47,800	34,533
2010 Chip Seal Project	-	495,615	495,615
Middle Baxter Road	929,946	976,481	46,535
Salt Wells Bridge	118,188	155,415	37,227
CMAQ 2009	137,700	271,814	134,114
CMAQ 2009 Supplemental	4,180	18,600	14,420
White Mountain Library Reroof (design)	18,375	24,500	6,125
White Mountain Library Reroof (construction)	-	207,300	207,300
Circuit Court Remodel (design)	35,686	294,500	258,814
<b>Total primary government</b>	<b>\$ 1,257,342</b>	<b>\$ 2,652,800</b>	<b>\$ 1,395,458</b>
<b>Governmental Type Component Units:</b>			
<b>Mental Health:</b>			
Software	\$ 63,281	\$ 126,502	\$ 63,221
<b>Total governmental type component units</b>	<b>\$ 63,281</b>	<b>\$ 126,502</b>	<b>\$ 63,221</b>

**Note 22. Postemployment Benefits Other than Pensions (OPEB)**

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

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

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

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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

- ii. Subsidy B per month – only applies to retirees who retired prior to July 1, 2009, and provides a fixed monthly factor ranging from \$42.02 to \$157.16, depending upon the retiree’s age (under age 65 or 65 and above) and tier of benefits (i.e. employee only, employee and spouse, family, etc.). Subsidy B is not expected to increase in the future, but will be adjusted for changes in the number and types of dependents covered, if and when they occur.

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

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

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

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

Annual OPEB cost and net OPEB obligation: The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County implemented GASB Statement No. 45 on a prospective basis (zero net OPEB obligation at transition) during the year ended June 30, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

**SWEETWATER COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

Annual required contribution	\$ 538,426
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
<b>Annual OPEB cost</b>	<u>538,426</u>
Employer contributions	<u>(42,548)</u>
<b>Increase in net OPEB obligation</b>	<u>495,878</u>
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 495,878</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2010 was as follows:

Year ended June 30, 2010:	
Annual OPEB cost	\$ 538,426
Percentage of OPEB cost contributed	7.90%
Net OPEB obligation	\$ 495,878

Funded status and funding progress: The funded status of the plan as of June 30, 2010, being the actuarial valuation date, was as follows:

Actuarial accrued liability (a)	\$ 5,228,186
Actuarial value of plan assets (b)	<u>-</u>
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u><u>\$ 5,228,186</u></u>
Funded ratio (b) / (a)	0.00%
Covered payroll (c)	\$ 24,177,827
Unfunded actuarial accrued liability (funded excess) as a percentage of covered payroll $[(a) - (b)] / (c)$	21.62%

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

## SWEETWATER COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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

<i>Actuarial valuation date:</i>	June 30, 2010
<i>Actuarial cost method:</i>	Attained Age
<i>Amortization method:</i>	Level Dollar Basis
<i>Amortization period:</i>	30 years
<i>Asset valuation method:</i>	Fair value of assets
<i>Actuarial assumptions:</i>	
Discount rate:	4.5%
Healthcare cost trend rate (HCCTR):	Initial rate of 9.5%; Ultimate rate of 4.5%; Grading period of five years
<i>Assumed rates of increase applied to retiree premiums:</i>	Same as HCCTR

#### **Note 23. New Pronouncements**

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 this new pronouncement 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 Note to Required Supplementary Information following the schedule and the schedule of funding progress.

**SWEETWATER COUNTY, WYOMING**

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

**BUDGET AND ACTUAL**

**GENERAL FUND**

**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 37,218,958	\$ 37,218,958	\$ 38,470,219	\$ 1,251,261
Licenses and permits	1,260,814	1,260,814	1,262,267	1,453
Intergovernmental	6,682,009	8,002,856	5,204,974	(2,797,882)
Charges for services	1,465,917	1,465,917	1,485,691	19,774
Interest	603,001	603,001	375,762	(227,239)
Miscellaneous	1,287,524	1,287,524	678,582	(608,942)
<b>Total revenues</b>	<b>48,518,223</b>	<b>49,839,070</b>	<b>47,477,495</b>	<b>(2,361,575)</b>
<b>Expenditures</b>				
General government	22,568,446	23,000,383	18,516,936	4,483,447
Public safety	15,867,704	15,318,756	14,376,965	941,791
Road and bridge	5,477,963	5,533,463	4,415,426	1,118,037
Health, recreation and welfare	1,373,873	1,866,462	1,209,126	657,336
Conservation of natural resources	75,000	99,655	92,248	7,407
Capital outlay	7,269,881	8,053,876	5,565,549	2,488,327
<b>Total expenditures</b>	<b>52,632,867</b>	<b>53,872,595</b>	<b>44,176,250</b>	<b>9,696,345</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,114,644)</b>	<b>(4,033,525)</b>	<b>3,301,245</b>	<b>7,334,770</b>
Transfers to other funds	-	-	(127,311)	(127,311)
<b>Net change in fund balance</b>	<b>(4,114,644)</b>	<b>(4,033,525)</b>	<b>3,173,934</b>	<b>7,207,459</b>
<b>Fund Balance</b>				
Beginning	(22,975,161)	(20,992,416)	24,309,500	45,301,916
Ending	\$ (27,089,805)	\$ (25,025,941)	\$ 27,483,434	\$ 52,509,375

## **SWEETWATER COUNTY, WYOMING**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2010**

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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.

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF FUNDING PROGRESS**

**June 30, 2010**

**Post Retirement Healthcare Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 5,228,186	\$ 5,228,186	0%	\$ 24,177,827	21.63%

## **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, 2010**

<b>ASSETS</b>	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ 3,242,368	\$ 583,084	\$ 627,925	\$ 4,453,377
Due from other governments	-	79,401	110,284	189,685
Receivables:				
Accrued interest	16,042	-	-	16,042
<b>Total assets</b>	<b>\$ 3,258,410</b>	<b>\$ 662,485</b>	<b>\$ 738,209</b>	<b>\$ 4,659,104</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Warrants and vouchers payable	\$ 22,422	\$ 6,440	\$ 34,500	\$ 63,362
Due to other funds	77,303	-	-	77,303
<b>Total liabilities</b>	99,725	6,440	34,500	140,665
Fund Balances				
Unreserved:				
Special revenue funds	3,158,685	656,045	703,709	4,518,439
<b>Total liabilities and fund balances</b>	<b>\$ 3,258,410</b>	<b>\$ 662,485</b>	<b>\$ 738,209</b>	<b>\$ 4,659,104</b>

**SWEETWATER COUNTY, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010**

	Jail Tax Fund	SC Road Fund	Enhanced 911 Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 611,719	\$ -	\$ 611,719
Charges for services	-	-	451,516	451,516
Interest	83,996	3,486	2,386	89,868
<b>Total revenues</b>	<b>83,996</b>	<b>615,205</b>	<b>453,902</b>	<b>1,153,103</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	126,590	126,590
General government	34,871	-	-	34,871
Capital outlay	-	707,415	-	707,415
	<b>34,871</b>	<b>707,415</b>	<b>126,590</b>	<b>868,876</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>49,125</b>	<b>(92,210)</b>	<b>327,312</b>	<b>284,227</b>
<b>Other Financing Sources</b>				
Transfers from other funds	127,311	-	-	127,311
<b>Net change in fund balances</b>	<b>176,436</b>	<b>(92,210)</b>	<b>327,312</b>	<b>411,538</b>
Fund Balance, beginning	2,982,249	748,255	376,397	4,106,901
Fund Balance, ending	<b>\$ 3,158,685</b>	<b>\$ 656,045</b>	<b>\$ 703,709</b>	<b>\$ 4,518,439</b>

**SWEETWATER COUNTY, WYOMING**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS  
June 30, 2010**

<b>ASSETS</b>	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units
Cash and investments	\$ 286,623	\$ 545,591	\$ 566,227	\$ 1,398,441
Receivables:				
Taxes and interest on taxes	443,784	773,192	12,565	1,229,541
Accounts and insurance credits, net	-	-	90,334	90,334
Grant receivable	-	-	3,814	3,814
Prepaid items	-	-	45,821	45,821
Capital assets not being depreciated:				
Construction in progress	-	101,939	-	101,939
Capital assets being depreciated:				
Buildings and improvements	699,390	8,243,433	-	8,942,823
Equipment and furnishings	50,321	421,485	14,612	486,418
Accumulated depreciation	(390,506)	(7,125,243)	(609)	(7,516,358)
<b>Total assets</b>	<b>\$ 1,089,612</b>	<b>\$ 2,960,397</b>	<b>\$ 732,764</b>	<b>\$ 4,782,773</b>
<b>LIABILITIES</b>				
Liabilities				
Warrants and vouchers payable	\$ -	\$ 90,079	\$ 316,412	\$ 406,491
Accrued expenses	-	9,130	-	9,130
Deferred revenue	437,085	761,716	57,464	1,256,265
Compensated absences:				
Due within one year	9,177	8,388	54,321	71,886
Due in more than one year	-	8,842	-	8,842
<b>Total liabilities</b>	<b>446,262</b>	<b>878,155</b>	<b>428,197</b>	<b>1,752,614</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	359,205	1,641,614	14,003	2,014,822
Unrestricted	284,145	440,628	290,564	1,015,337
<b>Total fund balances</b>	<b>\$ 643,350</b>	<b>\$ 2,082,242</b>	<b>\$ 304,567</b>	<b>\$ 3,030,159</b>

**SWEETWATER COUNTY, WYOMING**

**COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR DISCRETELY PRESENTED GOVERNMENTAL TYPE COMPONENT UNITS  
For the Year Ended June 30, 2010**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Museum Board	Recreation Board	Health Board	Total Nonmajor Component Units
<b>Museum Board</b>								
Health, recreation and welfare	\$ 441,786	\$ 17,016	\$ -	\$ -	\$ (424,770)	\$ -	\$ -	\$ (424,770)
<b>Recreation Board</b>								
Health, recreation and welfare	718,366	-	-	70,178	-	(648,188)	-	(648,188)
<b>Health Board</b>								
Health, recreation and welfare	2,202,073	456,544	638,616	-	-	-	(1,106,913)	(1,106,913)
<b>Total nonmajor component units</b>	<b>\$ 3,362,225</b>	<b>\$ 473,560</b>	<b>\$ 638,616</b>	<b>\$ 70,178</b>	<b>(424,770)</b>	<b>(648,188)</b>	<b>(1,106,913)</b>	<b>(2,179,871)</b>
<b>General Revenues</b>								
<b>Taxes:</b>								
Property taxes					396,377	584,408	912,023	1,892,808
Sales and other taxes					39,941	50,346	36,970	127,257
Interest income					158	11,053	2,306	13,517
<b>Total general revenues</b>					<b>436,476</b>	<b>645,807</b>	<b>951,299</b>	<b>2,033,582</b>
<b>Change in net assets</b>					11,706	(2,381)	(155,614)	(146,289)
Net Assets, beginning					631,644	2,084,623	460,181	3,176,448
Net Assets, ending					<b>\$ 643,350</b>	<b>\$ 2,082,242</b>	<b>\$ 304,567</b>	<b>\$ 3,030,159</b>

SWEETWATER COUNTY, WYOMING

COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS  
 FUND BASIS  
 June 30, 2010

ASSETS	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
Cash and investments	\$ 2,270,262	\$ 639,485	\$ 1,454,848	\$ 286,623	\$ 545,591	\$ 566,227	\$ 5,763,036
Receivables:							
Taxes and interest on taxes	847,825	2,344,755	3,697,471	443,784	773,192	12,565	8,119,592
Accounts and insurance credits	341,400	35,694	-	-	-	90,334	467,428
Grants	31,276	4,003	-	-	-	3,814	39,093
Inventories	-	44,295	-	-	-	-	44,295
Prepaid items	-	-	-	-	-	45,821	45,821
<b>Total assets</b>	<b>\$ 3,490,763</b>	<b>\$ 3,068,232</b>	<b>\$ 5,152,319</b>	<b>\$ 730,407</b>	<b>\$ 1,318,783</b>	<b>\$ 718,761</b>	<b>\$ 14,479,265</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Warrants and vouchers payable	\$ 101,327	\$ 42,160	\$ -	\$ -	\$ 90,079	\$ 316,412	\$ 549,978
Accrued expenses	-	21,302	24,052	-	9,130	-	54,484
Deferred revenue	845,921	2,339,232	3,689,899	442,896	771,821	68,031	8,157,800
<b>Total liabilities</b>	<b>947,248</b>	<b>2,402,694</b>	<b>3,713,951</b>	<b>442,896</b>	<b>871,030</b>	<b>384,443</b>	<b>8,762,262</b>
Fund Balances							
Reserved	-	44,295	-	-	-	45,821	90,116
Unreserved	2,543,515	621,243	1,438,368	287,511	447,753	288,497	5,626,887
<b>Total fund balances</b>	<b>2,543,515</b>	<b>665,538</b>	<b>1,438,368</b>	<b>287,511</b>	<b>447,753</b>	<b>334,318</b>	<b>5,717,003</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,490,763</b>	<b>\$ 3,068,232</b>	<b>\$ 5,152,319</b>	<b>\$ 730,407</b>	<b>\$ 1,318,783</b>	<b>\$ 718,761</b>	<b>\$ 14,479,265</b>

**SWEETWATER COUNTY, WYOMING**

**RECONCILIATION OF THE GOVERNMENTAL TYPE COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2010**

	Mental Health	Events Complex	Library System	Nonmajor Component Units		
				Museum Board	Recreation Board	Health Board
Total fund balances - governmental type component units	\$ 2,543,515	\$ 665,538	\$ 1,438,368	\$ 287,511	\$ 447,753	\$ 334,318
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.	4,229,245	6,650,750	482,295	359,205	1,641,614	14,003
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.	(794,696)	(263,909)	(187,362)	(9,177)	(17,230)	(54,321)
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.	16,309	32,867	51,062	5,811	10,105	10,567
<b>Net assets of governmental type component units</b>	<b>\$ 5,994,373</b>	<b>\$ 7,085,246</b>	<b>\$ 1,784,363</b>	<b>\$ 643,350</b>	<b>\$ 2,082,242</b>	<b>\$ 304,567</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, 2010**

	Mental Health	Events Complex	Library System	Nonmajor Component Units			Total
				Museum Board	Recreation Board	Health Board	
<b>Revenues</b>							
Taxes	\$ 912,968	\$ 2,450,536	\$ 3,541,057	\$ 435,250	\$ 632,829	\$ 946,910	\$ 8,919,550
Intergovernmental	6,692,520	1,014,381	26,912	-	70,178	638,616	8,442,607
Charges for services	1,820,963	1,102,427	-	17,016	-	456,544	3,396,950
Interest	47,001	803	113,824	158	11,053	2,306	175,145
Rental income	-	234,366	-	-	-	-	234,366
<b>Total revenues</b>	<b>9,473,452</b>	<b>4,802,513</b>	<b>3,681,793</b>	<b>452,424</b>	<b>714,060</b>	<b>2,044,376</b>	<b>21,168,618</b>
<b>Expenditures</b>							
Current:							
Health, recreation and welfare	9,581,228	3,469,826	3,690,868	406,817	546,403	2,213,560	19,908,702
Capital outlay	198,413	1,014,382	18,375	-	70,178	14,612	1,315,960
<b>Total expenditures</b>	<b>9,779,641</b>	<b>4,484,208</b>	<b>3,709,243</b>	<b>406,817</b>	<b>616,581</b>	<b>2,228,172</b>	<b>21,224,662</b>
<b>Net change in fund balances</b>	<b>(306,189)</b>	<b>318,305</b>	<b>(27,450)</b>	<b>45,607</b>	<b>97,479</b>	<b>(183,796)</b>	<b>(56,044)</b>
<b>Fund Balances</b>							
Beginning	2,849,704	347,233	1,465,818	241,904	350,274	518,114	5,773,047
Ending	\$ 2,543,515	\$ 665,538	\$ 1,438,368	\$ 287,511	\$ 447,753	\$ 334,318	\$ 5,717,003

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, 2010

	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>	\$ (306,189)	\$ 318,305	\$ (27,450)	\$ 45,607	\$ 97,479	\$ (183,796)
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.	(79,236)	597,198	(9,736)	(34,969)	(101,785)	14,003
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.	-	(20,748)	-	-	-	-
The statement of activities reports a decrease in revenues due to current activity in deferred revenues which is not reported at the fund level.	2,636	6,804	9,578	1,068	1,925	2,083
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.	(32,923)	15,577	-	-	-	12,096
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.	-	106,766	-	-	-	-
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.	118,894	-	-	-	-	-
<b>Change in net assets of governmental type component unit</b>	\$ (296,818)	\$ 1,023,902	\$ (27,608)	\$ 11,706	\$ (2,381)	\$ (155,614)

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2010**

	Federal CFDA Number	Expenditures
<b>U.S. Department of the Interior:</b>		
Payments in lieu of taxes:		
Administered by Sweetwater County	15.226	\$ 2,780,451
<b>Total U.S. Department of the Interior</b>		<u>2,780,451</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	376,009
Centers for Disease Control and Prevention - Investigation and Technical Assistance:		
Administered by Southwest Counseling Service	93.283	17,782
Substance Abuse and Mental Health Services - Projects of Regional and National Significance:		
Administered by Southwest Counseling Service	93.243	120,744
HIV Prevention Activities - Health Department Based:		
Administered by Southwest Counseling Service	93.940	34,304
Public Health Emergency Preparedness:		
Administered by Sweetwater County Board of Health	93.069	260,742
Temporary Assistance for Needy Families:		
Administered by Sweetwater County Board of Health	93.558	147,122
Maternal and Child Health Services Block Grant to the States:		
Administered by Sweetwater County Board of Health	93.994	80,128
<i>Passed through Sweetwater County Tripartite Board:</i>		
Community Services Block Grant (CSBG) Cluster:		
Community Services Block Grant:		
Administered by Sweetwater County	93.569	128,797
ARRA- Community Services Block Grant:		
Administered by Sweetwater County	ARRA 93.710	122,961
<b>Total CSBG Cluster</b>		<u>251,758</u>
<i>Passed through Wyoming Department of Family Services:</i>		
Child Support Enforcement:		
Administered by Sweetwater County	93.563	21,299
Temporary Assistance for Needy Families:		
Administered by Sweetwater County	93.558	25,980
<b>Total U.S. Department of Health and Human Services</b>		<u>1,335,868</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	51,236
Schools and Roads - Grants to Counties:		
Administered by Sweetwater County	10.666	48,927
<i>Passed through Wyoming State Forestry Division:</i>		
Cooperative Forestry Assistance:		
Administered by Sweetwater County	10.664	11,425
<b>Total U.S. Department of Agriculture</b>		<u>111,588</u>

Continued

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**For the Year Ended June 30, 2010**

	Federal CFDA Number	Expenditures
<b>U.S. Department of Transportation:</b>		
<i>Passed through Wyoming Department of Transportation:</i>		
Alcohol Open Container Requirements:		
Administered by Sweetwater County	20.607	\$ 8,824
State Planning and Research:		
Administered by Sweetwater County	20.515	16,893
Highway Planning and Construction:		
Administered by Sweetwater County	20.205	286,382
Highway Safety Cluster:		
State and Community Highway Safety:		
Administered by Sweetwater County	20.600	9,000
Alcohol Impaired Driving Countermeasures Incentive Grant 1:		
Administered by Sweetwater County	20.601	23,856
<b>Total Highway Safety Cluster</b>		<u>32,856</u>
<i>Passed through Wyoming-Office of Homeland Security:</i>		
Interagency Hazardous Materials Public Sector Training and Planning Grants:		
Administered by Sweetwater County	20.703	2,396
<b>Total U.S. Department of Transportation</b>		<u>347,351</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	17,757
<i>Passed through Volunteers of America:</i>		
Juvenile Justice and Delinquency Prevention - Allocation to States:		
Administered by Sweetwater County	16.540	47,800
<b>Total U.S. Department of Justice</b>		<u>65,557</u>
<b>Executive Office of the President:</b>		
<i>Passed through Wyoming Division of Criminal Investigation:</i>		
High Intensity Drug Trafficking Area Program:		
Administered by Sweetwater County	95.001	79,090
<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	29,042
Homeland Security Grant Program:		
Administered by Sweetwater County	97.067	228,594
<b>Total U.S. Department of Homeland Security</b>		<u>257,636</u>
<b>U.S. Department of Housing and Urban Development</b>		
<i>Passed through Wyoming Business Council</i>		
Community Development Block Grants:		
Administered by Sweetwater County	14.228	106,063
<b>Total expenditures of Federal awards</b>		<u>\$ 5,083,604</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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financials statements of Memorial Hospital of Sweetwater County (the "Hospital"), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-01 through 2010-03 to be material weaknesses.

### Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, 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 & Paiz, LLP". The signature is written in a cursive style.

Cheyenne, Wyoming  
March 21, 2011

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

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

Compliance

We have audited the compliance of Sweetwater County, Wyoming (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. The County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Sweetwater County, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control over Compliance

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

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

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

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the entity, 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  
March 21, 2011

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

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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>
15.226	Payments in Lieu of Taxes
93.959	Block Grants for Prevention and Treatment of Substance Abuse

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, 2010**

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**II. FINANCIAL STATEMENT FINDINGS**

**2010-01: Preparation of Financial Statements, Related Footnote Disclosures and Accrual Adjustments**

**Condition:** As part of the audit, management requested us to prepare the County's financial statements, including the related footnotes to the financial statements. Management reviewed, approved and accepted responsibility for those financial statements prior to their issuance. However, several journal entries were identified through the audit processes that were necessary for the financial statements to be fairly presented in conformity with accounting principles generally accepted in the United States of America.

**Criteria:** Under professional standards, the inability to ensure the propriety and completeness of the financial statements, including footnote disclosures, is considered a control deficiency.

**Cause:** 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). 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.

**Effect:** Significant journal entries were posted related to cash, investments, accounts receivable, vouchers and warrants payable, self-insurance claims incurred but not reported, property and equipment, inter-fund transfers and payables, capital leases payable, compensated absences, and deferred revenue.

**Recommendation:** We recommend that either County personnel participate in training in financial reporting for governmental entities or the County seek additional accounting assistance from a third party 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, all financial statement balances are properly supported by accurate records, balances are adjusted to the proper amounts, and reconciliations are performed as necessary.

**Auditee response:** The County personnel will participate in additional training in accounting and financial reporting as well as consulting with Heyborne, Radakovich & Company, P.C. in implementing policies and procedures to ensure that transactions and financial reporting comply with GAAP.

## SWEETWATER COUNTY, WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2010

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#### **2010-02: Segregation of Duties**

**Condition:** During the course of our audit, we noted several instances where there is not an adequate segregation of duties. At the County, we noted that one individual has authority to write checks, 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 the authority to authorize and create new vendors within the accounting system, enters 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. We also noted that several employees have the ability to request goods or services and also have the ability to approve the payment of those same goods or services.

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

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

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

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

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

**Auditee response:** The County Clerk's office is working with the IT Department to keep the signature card secured and held by a custodian who doesn't have access to issuing warrants. The signature card will need to be checked out before any County warrants can be issued.

**SWEETWATER COUNTY, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

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**2010-03: Journal Entries**

**Condition:** 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.

**Criteria:** The County should have a control system that allows them to monitor journal entries that are posted to the system to ensure the propriety of all entries.

**Cause:** The County has not designed or established control systems to monitor journal entries.

**Effect:** 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.

**Recommendation:** We recommend the County develop and implement policies to prepare, review and track journal entries.

**Auditee response:** The County Clerk or the Chief Deputy will approve all journal entries not made in the normal course of County business. The Clerk's office will consult with Heyborne, Radakovich & Company, P.C. in developing this system.

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

None

SWEETWATER COUNTY, WYOMING

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2010

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Finding	Status
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**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

*This finding has been corrected. A complete and accurate schedule was provided in the current year.*

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.