

NATRONA COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2013

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Natrona County, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Natrona County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Natrona County, Wyoming's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, which represents 69%, 69%, and 40%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Natrona County International Airport, is based 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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the infrastructure assets reporting using the modified approach, and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and other auditors have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The infrastructure assets reporting using the modified approach and the budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the infrastructure assets reported using the modified approach and the budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Natrona County, Wyoming's basic financial statements. The other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal award are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2013 on our consideration of Natrona County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Natrona County, Wyoming's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 18, 2013

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 (UNAUDITED)

This section of the Natrona County, Wyoming's annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2013. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia & Howard, Certified Public Accountants. The Independent Auditor's Report, financial statements and accompanying notes and supplementary information should be read in conjunction with the following discussion.

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$231,195,944.
- Of this amount, the unrestricted net position available to meet the County's ongoing obligations to citizens and creditors is a balance of \$26,613,838.
- The County's total net position increased by \$20,279,804.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$33,920,219, an increase of \$4,837,277 in comparison with the prior year. Approximately 81% of this total amount, \$27,508,924, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,150,692, or 5% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's 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 themselves.

Government-wide Financial Statements

The focus of the County's government – wide financial statements is on the overall financial position and activities of the Natrona County, Wyoming, similar to the focus of a private – sector business. The County's government – wide financial statements include the statement of net position and statement of activities. The purpose of the statement of net position is to attempt to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the County's total assets and total liabilities is titled net position and this difference is similar to the owner's equity presented by a private – sector business. Although the purpose of the County is not to accumulate net position, this amount does indicate the financial position of the County.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

The purpose of the statement of activities is to present all the revenues and expenses of the County. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a private sector business in that revenues are recognized when earned or established criteria are satisfied, and expenses are reported when incurred by the County. Revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have been paid during the current period.

Although the statement of activities looks different from a private sector business' income statement, the statement is different only in format, not substance. Whereas the private sector reports its bottom line as net income, the County reports an amount described as change in net position, essentially the same thing.

The focus of the statement of activities is on the net cost of various activities provided by the County. The first column identifies the cost of each of the County's major functions. Another column identifies the specific revenues related to the classified governmental functions. The difference between the expenses and revenues related to specific programs computes the net cost or benefit of the program, which identifies the extent to which each function of the County draws from general revenues or is self – sufficient through fees, intergovernmental aid, and other sources of resources.

Both of these government – wide financial statements would distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business – type activities). All of the County activities are governmental activities.

The government – wide financial statements include not only Natrona County itself, (known as the primary government), but also the following legally separate entities: Weed and Pest Control, Natrona County Fair, Natrona County Public Library, Natrona County Community Action Partnership, City of Casper/Natrona County Health Department and the Natrona County Airport. The County is financially accountable for these entities and appoints directors to their boards. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Complete financial statements for the Natrona County Airport may be obtained from the entity's administrative offices.

The County's government – wide financial statements are presented on pages 16 through 18.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending. Except for the General Fund, a specific fund is established to satisfy legal requirements established by external parties or governmental statutes or regulations. The County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain resources. The County's fund financial statements are divided into three broad categories, governmental funds, internal service funds, and fiduciary funds.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. The statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. All of the County programs are included in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out within a short period of time. For example, amounts reported on the balance sheet include items such as cash and receivables collectable within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. The fund balance generally indicates the amount that can be used to finance next year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Consequently, the governmental funds statements provide a short – term view that helps determine if there are more or fewer financial resources to finance the County's programs. Because this information does not encompass the long – term focus of the government – wide statements, we provide an analysis at the bottom of the balance sheet reconciling the total fund balances to the amount of net position reported in the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles to the change in net position presented in the government – wide statement of activities.

The County presents in separate columns the funds that are most significant to the County and all other governmental funds are aggregated and reported in a single column.

The County governmental fund financial statements are presented on pages 19 through 22.

Additionally, the County reports an internal service fund, which accounts for employee health benefits provided to other departments of the County. Internal service funds are accounting mechanisms used to accumulate and allocate costs among the County's various functions. Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into governmental activities in the government-wide financial statements. The residual deficit in the internal service fund was transferred to a fiduciary fund during the year, as the County established a formal trust for accounting for employee health benefits.

The internal service fund statements are presented on pages 23 through 25.

Fiduciary funds are used to account for assets held by the County for the benefit of other parties. Fiduciary funds are not presented in the government – wide financial statements because the resources of these funds are not available to finance the County's activities. However, the financial statements of fiduciary funds are included in the County's financial statements because the County is financially accountable for these resources, even though they belong to other parties.

The fiduciary funds statements are presented on pages 26 through 28.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 (UNAUDITED)

Notes to the Financial Statements

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government – wide and fund statements. The notes are presented on pages 33 through 61.

Other Information

Required Supplementary Information is presented concerning the County's General Fund budgetary schedules and infrastructure assets reported using the modified approach. The County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 62 through 67.

In addition to the required elements, we have included combining statements that provide details about our non – major governmental funds and fiduciary funds presented as single columns in the basic financial statements. Additionally, we have included fund financial statements and information about budgetary compliance for the discretely presented component units which do not issue separate financial statements. This information is presented as other supplementary information immediately following the required supplementary information. Other supplementary information is presented on pages 68 through 80.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far the largest portion of the County's net position (86%) reflects its investment in capital assets. The vast majority of these capital assets are the \$53 million in buildings, \$26 million investment in infrastructure assets, and \$108 million in hospital assets leased to the Wyoming Medical Center. These assets are not available for future spending. The County has \$8,531,177 in outstanding certificates of participation with financial institutions. An additional \$6,209,800 of the County's net position (approximately 3 percent) represents resources that are subject to external restrictions on how they may be used.

The County was able to report positive balances in all three categories of net position for the current year and in the prior year. The County has a balance of \$26,613,838 in unrestricted net position in the current year. The unrestricted balance is available to meet the County's ongoing obligations.

The government's net position increased \$20,279,804 during the current fiscal year. This directly impacted current assets and capital assets.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

The County's net position as of June 30, 2013 and 2012 was as follows:

	Primary Government	Restated	
	2013	2012	Variance
ASSETS			
Current assets	\$ 33,678,607	\$ 29,475,998	\$ 4,202,609
Capital assets, net of accumulated depreciation	206,903,483	192,296,906	14,606,577
Other assets	1,062,232	1,071,586	(9,354)
Total assets	<u>241,644,322</u>	<u>222,844,490</u>	<u>18,799,832</u>
LIABILITIES			
Current liabilities	1,267,040	2,277,364	(1,010,324)
Due in more than one year	9,181,338	9,650,986	(469,648)
Total liabilities	<u>10,448,378</u>	<u>11,928,350</u>	<u>(1,479,972)</u>
NET POSITION			
Invested in capital assets, net of related debt	198,253,483	183,208,022	15,045,461
Restricted	6,209,800	6,171,847	37,953
Unrestricted	26,732,661	21,536,271	5,196,390
Total net position	<u>\$ 231,195,944</u>	<u>\$ 210,916,140</u>	<u>\$ 20,279,804</u>

Governmental Activities

Governmental activities increased the County's net position by \$20,279,804, approximately \$16 million more than the prior year increase. Key elements of this increase are as follows:

- Increase in tax revenues of \$1.6 million because of a higher valuation and increased sales tax collections.
- Increase in capital grants and contributions of \$14.3 million comprised of an increase of \$16 million in assets purchased by the Wyoming Medical Center and decreases in funding of \$2 million from the State of Wyoming with the completion of the Juvenile Detention Center.
- Increase in Hospital depreciation expense of \$2.3 million.
- Decrease in public safety expenses of \$1.1 million primarily due to the completion of the Juvenile Detention Center project.
- Decrease in public works expenses of \$1.8 million primarily due the completion of the 6 Mile North road project and various one cent #13 road and bridge projects, offset by the Coates Road reconstruction project.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

The following schedule indicates the changes in net position for governmental activities:

Revenues	2013		2012	
General				
Taxes	\$ 29,424,454	39.98%	\$ 27,859,779	48.12%
Payments in lieu of taxes	3,242,853	4.41%	3,318,690	5.73%
Investment income	(121,383)	-0.16%	77,039	0.13%
Miscellaneous revenue	1,130,712	1.54%	1,002,765	1.73%
Program revenues				
Charges for services	5,403,951	7.34%	5,193,543	8.97%
Operating grants and contributions	3,799,340	5.16%	4,045,874	6.99%
Capital grants and contributions	30,718,567	41.74%	16,392,827	28.32%
Total revenues	<u>73,598,494</u>	<u>34.88%</u>	<u>57,890,517</u>	<u>100.00%</u>
Expenses				
General government	12,149,966	22.69%	11,566,518	21.71%
Public safety	17,719,790	33.10%	18,868,252	35.41%
Public works	4,093,988	7.65%	5,844,305	10.97%
Health and welfare	2,377,796	4.44%	2,368,832	4.45%
Culture and recreation	4,211,031	7.87%	3,981,631	7.47%
Conservation of natural resources	404,883	0.76%	375,535	0.70%
Hospital	12,199,696	22.79%	9,870,763	18.52%
Interest on long-term debt	383,941	0.72%	409,141	0.77%
Total expenses	<u>53,541,091</u>	<u>100.00%</u>	<u>53,284,977</u>	<u>100.00%</u>
Transfers	222,401		-	
Total changes in net position	20,279,804		4,605,540	
Beginning net position	211,023,955		206,418,415	
Prior period adjustment	(107,815)		-	
Ending net position	<u>\$ 231,195,944</u>		<u>\$ 211,023,955</u>	

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The County's activities are contained in the General, Road Construction, and Drug Court funds. As previously mentioned, the focus on the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$33,920,219, an increase of \$4,837,277 in comparison with the prior year. Of that, \$6,209,800 is subject to external restrictions or is not available for spending: (1) \$83,353 held in reserve for inventory, (2) \$118,142 for prepaid insurance on the certificates of participation, (3) \$4,984,137 for the County Road Construction Fund, (4) \$162,652 for the Drug Court Fund, and (5) \$944,090 for criminal justice facilities, and

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
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 (UNAUDITED)

(6) \$118,921 for water and sewer projects. The County Road Construction Fund is restricted to road construction and major maintenance projects. The Drug Court Fund is restricted for use in the Drug Court program.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund total fund balance reached \$28,874,949. Of that, \$8,012,284 has been committed by resolution of the Board of County Commissioners: (1) \$2,257,879 for perpetual care of one cent projects, (2) \$53,767 for the Natrona County Detention Center Joint Powers Board, (4) \$101,280 for the Hall of Justice Joint Powers Board and (4) \$5,599,358 for the transportation department road funds. \$17,345,948 has been assigned by designation of the Board of County Commissioners: (1) \$7,500,000 for emergency reserves and (2) \$9,845,948 for planned capital projects. The remaining \$2,150,692 is unassigned and reported in the General Fund.

The fund balance of the County's general fund increased \$4,898,481 during the current fiscal year. Key factors in this increase are as follows:

- Increase in tax revenues of \$1.4 million because of a higher property tax valuation and increased motor vehicle tax collections.
- Increase in licenses and permits of \$322,000 due to increases in building permits of \$129,000, recording fees of \$74,000, and certificates of title of \$44,000.
- Decrease in intergovernmental revenues of \$1.2 million because of the completion of the Juvenile Detention Center and subsequently less related grant revenue.
- Increase in general government expenditures of \$660,000 primarily due to increases in premiums for health insurance benefits.
- Increase in culture and recreation expenditures of \$346,000 due to providing an additional \$225,000 to the library, \$80,000 for master plan implementation, and \$236,000 for parks, offset by a decrease of \$170,000 for Fairgrounds projects from one cent #14 monies.
- Decrease in capital outlay of \$4.8 million due to the completion of the Juvenile Detention Center, road and bridge infrastructure projects funds with one cent #13 monies, and other county road projects.

The Road Construction fund is used to account for the acquisition and construction of major capital facilities other than those financed by the general fund. At the end of the current fiscal year, the fund balance decreased to \$4,984,137. The fund balance of the County's road construction fund decreased \$67,519 during the current fiscal year due to expenditures outpacing revenues.

The following schedule presents revenues by source for all governmental funds.

	2013		2012	
Revenues				
Taxes	\$ 29,299,400	65.80%	\$ 27,772,321	61.67%
Licenses and permits	1,604,412	3.60%	2,142,523	4.76%
Intergovernmental revenues	8,816,578	19.80%	9,997,178	22.20%
Charges for services	3,799,538	8.53%	3,875,913	8.61%
Investment income	(121,383)	-0.27%	77,028	0.17%
Miscellaneous revenues	1,130,712	2.54%	1,171,990	2.60%
Total revenues	\$ 44,529,257	100.00%	\$ 45,036,953	100.00%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

The following schedule presents expenditures by activities for all governmental funds.

	2013		2012	
Expenditures				
Current				
General government	\$ 10,040,520	25.30%	\$ 11,404,478	25.79%
Public safety	17,745,413	44.71%	16,135,698	36.48%
Public works	2,508,801	6.32%	2,594,893	5.87%
Health and welfare	1,924,463	4.85%	1,971,137	4.46%
Recreation	3,946,850	9.94%	3,447,860	7.80%
Conservation of natural resources	345,341	0.87%	320,527	0.72%
Debt service				
Principal	567,610	1.43%	625,199	1.41%
Interest	374,039	0.94%	399,239	0.90%
Capital outlay	2,238,943	5.64%	7,328,295	16.57%
Total expenditures	\$ 39,691,980	100.00%	\$ 44,227,326	100.00%

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$6 million summarized as follows:

Agriculture	\$ 3,359
Assessor	13,228
Clerk	17,774
Coroner	5,509
Clerk of Court	13,833
Commissioners	(6,344,570)
Information technology	9,470
Road and bridge	54,664
Sheriff	164,647
Treasurer	12,628
	\$ (6,049,458)

The increases were possible because of additional anticipated and unanticipated revenues, while the decrease allowed the County to increase the cash reserves.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2013 amounted to \$206,903,483 (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 8 percent. The schedule below shows the changes in capital assets during the year:

	2013	2012	Variance
Capital assets, not being depreciated			
Land	\$ 16,041,486	\$ 16,115,186	\$ (73,700)
Infrastructure	25,957,969	25,957,969	-
Total capital assets not being depreciated	<u>41,999,455</u>	<u>42,073,155</u>	<u>(73,700)</u>
Capital assets being depreciated			
Buildings	145,391,685	145,921,201	(529,516)
Machinery and equipment	18,852,663	18,245,650	607,013
Hospital assets*	286,840,037	257,895,855	28,944,182
Total capital assets being depreciated	<u>451,084,385</u>	<u>422,062,706</u>	<u>29,021,679</u>
Less accumulated depreciation for			
Buildings	91,961,950	90,635,775	1,326,175
Machinery and equipment	15,845,468	15,029,937	815,531
Hospital assets*	178,372,939	166,173,243	12,199,696
Total accumulated depreciation	<u>286,180,357</u>	<u>271,838,955</u>	<u>14,341,402</u>
Total capital assets being depreciated, net	<u>164,904,028</u>	<u>150,223,751</u>	<u>14,680,277</u>
Capital assets, net	<u>\$ 206,903,483</u>	<u>\$ 192,296,906</u>	<u>\$ 14,606,577</u>

* These assets are leased to the Wyoming Medical Center, Inc. under an operating lease.

The County's infrastructure assets are recorded at historical cost in the government – wide financial statements as required by GASB statement No. 34. The County has elected to use the modified approach for infrastructure reporting, and therefore does not depreciate its infrastructure assets. The infrastructure consists of a road and bridge system.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

The County manages its road network by assessing the condition of all County roads annually with an assessment system developed by the County. The roads are rated as being in standard or substandard condition. To be rated standard, paved roads are not expected to need major repairs for another 8 to 20 years. Paved roads rated substandard need major repairs within 7 years. To be rated standard, gravel roads are not expected to need major repairs for at least 4 years. Gravel roads rated substandard are expected to need major repairs within 4 years due to not having the proper structural base.

It is the County's policy to maintain its paved roads with at least 25% rated as standard and to maintain its gravel roads with at least 21% rated as standard. Condition ratings of 70 and above are considered standard. The number of miles of paved and gravel rated standard and substandard are as follows:

2013 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	4.9%	4	1.6%	-	0.0%
80 - 84	32	7.4%	2	3.4%	-	0.0%
70 - 79	50	24.6%	25	18.8%	-	0.0%
Sub-standard						
60 - 69	39	25.0%	25	40.4%	-	0.0%
40 - 59	10	36.3%	42	35.3%	-	0.0%
10 - 39	-	1.8%	182	0.4%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>

The County manages its bridge system using a modified approach. The County's bridges are classified in three categories. Those at 80% to 100% condition are acceptable and needing no repair, 50% to 80% condition needing some repair and less than 50% condition as structurally deficient and in need of repair. The County's policy is to maintain 55 percent of its bridges in the 50% to 100% acceptable condition.

Actual expenditures for the year ended June 30, 2013 on infrastructure for maintenance and preservation were \$2.9 million, compared to budgeted amounts of \$4.9 million.

Additional information on the County's capital assets can be found in Note 4 on pages 45-49 of this report.

Debt Administration

The County's total debt decreased by \$494,743 (5 percent) during the current fiscal year. The decrease reflects payments of principal on capital leases and certificates of participation of \$7,609 and \$550,098, respectively. In addition, vacation and sick leave increased \$62,964 net. Additional information on the County's long term debt can be found in Note 5 on pages 50-52 of this report.

Economic Factors and Next Year's Budget

The local economy, increases in property tax revenues, securing state funding, and large decrease in PILT funding remain the issues affecting the development of the fiscal year 2014 budget. The State and local economy continue to rise, once again resulting in a slight increase in local revenues, but continued increases in personnel and benefit costs.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

(UNAUDITED)

Based on current available data, the unemployment rate near the end of the fiscal year for Natrona County is 5.2% which is slightly lower than the State of Wyoming average unemployment rate of 5.4%. Fiscal year 2014 budgeted General Fund revenues were expected to be approximately \$2.4 million less than fiscal year 2013 mainly as the result of a \$1.4 million PILT payment for the Federal Government in 2014 after having received \$3.3 million in fiscal year 2013. Property taxes are expected to decrease approximately \$700,000 and over the cap severance is expected to increase approximately \$.6 million.

Efforts continue by each County department to keep expenditures to a minimum.

Requests for Information

The above discussion and analysis is presented to provide additional information regarding the activities of the County and also to meet the disclosure requirements of GASB Statement No. 34. We believe that all requirements of GASB Statement No. 34 have been met as it applies to the County. The financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Natrona County Treasurer, Natrona County, Wyoming, 200 North Center, Casper, Wyoming 82601.

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BASIC FINANCIAL STATEMENTS

NATRONA COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		Component
	Governmental	Total	Units
	Activities		Total
ASSETS			
Cash and cash equivalents	\$ 25,516,807	\$ 25,516,807	\$ 3,631,711
Investments	4,691,863	4,691,863	2,760,655
Beneficial interest in assets held by others	-	-	245,039
Property taxes receivable	145,164	145,164	-
Accounts receivable	295,358	295,358	342,528
Accrued interest receivable	-	-	990
Due from other governments	2,946,062	2,946,062	725,155
Due from primary government	-	-	26,316
Inventory	83,353	83,353	381,246
Prepaid insurance	118,142	118,142	-
Capital assets not being depreciated	41,999,455	41,999,455	6,993,355
Capital assets being depreciated, net	164,904,028	164,904,028	29,469,560
Restricted cash and cash equivalents	3,093	3,093	119,497
Restricted investments	940,997	940,997	2,800,707
Total assets	<u>241,644,322</u>	<u>241,644,322</u>	<u>47,496,759</u>
LIABILITIES			
Accounts payable and accrued liabilities	657,039	657,039	736,158
Due to component units	26,316	26,316	-
Unearned revenues	-	-	264,017
Noncurrent liabilities			
Due within one year	583,685	583,685	532,719
Due in more than one year	9,181,338	9,181,338	1,817,267
Total liabilities	<u>10,448,378</u>	<u>10,448,378</u>	<u>3,350,161</u>
NET POSITION			
Invested in capital assets, net of related debt	198,253,483	198,253,483	34,778,754
Restricted, expendable			
Restricted by the State of Wyoming			
for road construction	4,984,137	4,984,137	-
Restricted by statute and grantors			
for Drug Court	162,652	162,652	-
Restricted from Passenger Facility Charges	-	-	141,659
Restricted for construction of criminal justice facilities	1,063,011	1,063,011	-
Restricted, nonexpendable			
Restricted by donors	-	-	2,800,707
Unrestricted	<u>26,732,661</u>	<u>26,732,661</u>	<u>6,444,991</u>
Total net position	<u>\$ 231,195,944</u>	<u>\$ 231,195,944</u>	<u>\$ 44,166,111</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 12,149,966	\$ 1,895,989	\$ 1,546,909	\$ -
Public safety	17,719,790	2,152,200	852,345	786,737
Public works	4,093,988	-	28,390	987,648
Health and welfare	2,377,796	1,278,753	493,141	-
Culture and recreation	4,211,031	77,009	-	-
Conservation of natural resources	404,883	-	878,555	-
Assets leased to hospital	12,199,696	-	-	28,944,182
Interest on long-term debt	383,941	-	-	-
Total governmental activities	<u>53,541,091</u>	<u>5,403,951</u>	<u>3,799,340</u>	<u>30,718,567</u>
Total primary government	<u>\$ 53,541,091</u>	<u>\$ 5,403,951</u>	<u>\$ 3,799,340</u>	<u>\$ 30,718,567</u>
Component units	<u>\$ 17,226,967</u>	<u>\$ 6,486,119</u>	<u>\$ 7,204,514</u>	<u>\$ 2,078,938</u>

General revenues
 Property taxes
 Sales taxes
 Other taxes
 Payments in lieu of taxes
 Investment income
 Miscellaneous revenue
 Contributions to permanent endowment
 Transfers

Total general revenues

Change in net position

Net position - beginning of year, as previously stated
 Prior period adjustment
 Net position - beginning of year, restated

Net position - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		<u>Component Units Totals</u>
<u>Governmental Activities</u>	<u>Total</u>	
\$ (8,707,068)	\$ (8,707,068)	\$ -
(13,928,508)	(13,928,508)	-
(3,077,950)	(3,077,950)	-
(605,902)	(605,902)	-
(4,134,022)	(4,134,022)	-
473,672	473,672	-
16,744,486	16,744,486	-
(383,941)	(383,941)	-
<u>(13,619,233)</u>	<u>(13,619,233)</u>	<u>-</u>
<u>(13,619,233)</u>	<u>(13,619,233)</u>	<u>-</u>
-	-	<u>(1,457,396)</u>
15,033,219	15,033,219	778,462
9,416,135	9,416,135	-
4,975,100	4,975,100	238,636
3,242,853	3,242,853	-
(121,383)	(121,383)	276,766
1,130,712	1,130,712	208,155
-	-	90,665
222,401	222,401	-
<u>33,899,037</u>	<u>33,899,037</u>	<u>1,592,684</u>
20,279,804	20,279,804	135,288
211,023,955	211,023,955	44,022,840
(107,815)	(107,815)	7,983
<u>210,916,140</u>	<u>210,916,140</u>	<u>44,030,823</u>
<u>\$ 231,195,944</u>	<u>\$ 231,195,944</u>	<u>\$ 44,166,111</u>

NATRONA COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
ASSETS				
Cash and cash equivalents	\$ 25,516,807	\$ -	\$ -	\$ 25,516,807
Investments	4,691,863	-	-	4,691,863
Taxes receivable	145,164	-	-	145,164
Accounts receivable	295,358	-	-	295,358
Prepaid expenses	118,142	-	-	118,142
Due from other funds	-	4,984,137	162,652	5,146,789
Due from other governments	2,946,062	-	-	2,946,062
Inventory	83,353	-	-	83,353
Restricted cash	3,093	-	-	3,093
Restricted investments	940,997	-	-	940,997
	<u>\$ 34,740,839</u>	<u>\$ 4,984,137</u>	<u>\$ 162,652</u>	<u>\$ 39,887,628</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 657,039	\$ -	\$ -	\$ 657,039
Compensated absences	614	-	-	614
Due to other funds	5,146,789	-	-	5,146,789
Due to component units	26,316	-	-	26,316
Total liabilities	<u>5,830,758</u>	<u>-</u>	<u>-</u>	<u>5,830,758</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>136,651</u>	<u>-</u>	<u>-</u>	<u>136,651</u>
FUND BALANCES				
Nonspendable	201,495	-	-	201,495
Restricted	1,063,011	4,984,137	162,652	6,209,800
Unrestricted				
Committed	8,012,284	-	-	8,012,284
Assigned	17,345,948	-	-	17,345,948
Unassigned	2,150,692	-	-	2,150,692
Total fund balances	<u>28,773,430</u>	<u>4,984,137</u>	<u>162,652</u>	<u>33,920,219</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,740,839</u>	<u>\$ 4,984,137</u>	<u>\$ 162,652</u>	<u>\$ 39,887,628</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

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

June 30, 2013

Total fund balances - governmental funds	\$ 33,920,219
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, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total of capital assets reported in the government-wide statements.	206,903,483
Since the focus of governmental fund statements is on short-term financing, some assets (property taxes receivable) will not be available to pay for current expenditures. Those assets are offset by deferred inflows in the governmental funds and are not included in the governmental fund balances.	136,651
Some liabilities exceed the amount that is due and payable in the current period and therefore are not fully reported in the governmental funds. Long-term liabilities at year end consist of:	
Certificates of participation	(8,531,177)
Compensated absences recorded in governmental funds	614
Compensated absences	<u>(1,233,846)</u>
Net assets of governmental activities	<u><u>\$ 231,195,944</u></u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
Revenues				
Taxes	\$ 29,299,400	\$ -	\$ -	\$ 29,299,400
Licenses and permits	1,604,412	-	-	1,604,412
Intergovernmental revenues	7,422,988	987,648	405,942	8,816,578
Charges for services	3,773,276	-	26,262	3,799,538
Investment income	(123,831)	2,448	-	(121,383)
Miscellaneous revenues	1,130,712	-	-	1,130,712
Total revenues	<u>43,106,957</u>	<u>990,096</u>	<u>432,204</u>	<u>44,529,257</u>
Expenditures				
Current				
General government	10,040,520	-	-	10,040,520
Public safety	17,323,867	-	421,546	17,745,413
Public works	2,508,801	-	-	2,508,801
Health and welfare	1,924,463	-	-	1,924,463
Culture and recreation	3,946,850	-	-	3,946,850
Conservation of natural resources	345,341	-	-	345,341
Debt service				
Principal	567,610	-	-	567,610
Interest	374,039	-	-	374,039
Capital outlay	1,176,985	1,057,615	4,343	2,238,943
Total expenditures	<u>38,208,476</u>	<u>1,057,615</u>	<u>425,889</u>	<u>39,691,980</u>
Excess (deficiency) of revenues over expenditures	<u>4,898,481</u>	<u>(67,519)</u>	<u>6,315</u>	<u>4,837,277</u>
Fund balances - beginning of year, as previously stated	23,726,707	5,071,911	156,337	28,954,955
Prior period adjustment	148,242	(20,255)	-	127,987
Fund balances - beginning of year, as restated	<u>23,874,949</u>	<u>5,051,656</u>	<u>156,337</u>	<u>29,082,942</u>
Fund balances - end of year	<u>\$ 28,773,430</u>	<u>\$ 4,984,137</u>	<u>\$ 162,652</u>	<u>\$ 33,920,219</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

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

Year Ended June 30, 2013

Net changes in fund balances - total governmental funds		\$ 4,837,277
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. Additionally, the County's assets increase from new capital assets purchased by the Wyoming Medical Center under the terms of their lease. These changes are detailed as follows:		
Purchases reported as capital outlay in the governmental funds	\$ 1,272,556	
Contributions of capital assets from the Wyoming Medical Center	28,944,182	
Sales of capital assets in the statement of activities includes the effects of past depreciation	(195,434)	
Depreciation expense for the year	<u>(15,414,727)</u>	14,606,577
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on lease purchase obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on changes in net assets. This is the effect of this difference in the treatment of long-term debt.		
Amortization of debt premiums and discounts	(9,902)	
Payment of principal on certificates of participation	560,000	
Payment of principal on capital leases	<u>7,609</u>	557,707
Prior year compensated absences - general fund short-term	(6,862)	
Current year compensated absences - general fund short-term	614	
Prior year compensated absences - general fund long-term	1,170,882	
Current year compensated absences - general fund long-term	<u>(1,233,846)</u>	(69,212)
The internal service fund was used by management to charge the costs of health benefits to individual funds. The net income from activities of the internal service fund is reported with governmental activities.		
	<u>222,401</u>	222,401
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Prior year deferred inflows - property taxes	(11,597)	
Current year deferred inflows - property taxes	<u>136,651</u>	<u>125,054</u>
Changes in net position of governmental activities		<u><u>\$ 20,279,804</u></u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

**STATEMENT OF NET POSITION
INTERNAL SERVICE FUND**

June 30, 2013

	Employee Benefit Trust Fund
ASSETS	
Cash and cash equivalents	\$ -
Investments	-
	<hr/>
Total assets	-
	<hr/>
LIABILITIES	
Medical claims payable	-
	<hr/>
Total liabilities	-
	<hr/>
NET POSITION	
Unrestricted	-
	<hr/>
Total net position	\$ -
	<hr/> <hr/>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
Year Ended June 30, 2013

	Employee Benefit Trust Fund
Operating revenues	\$ -
Operating expenses	-
Operating income	-
Non-operating revenue	
Transfer deficit to fiduciary fund	222,401
Change in net position	222,401
Net (deficit) - beginning of year	(222,401)
Net position - end of year	\$ -

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND**

Year Ended June 30, 2013

	Employee Benefit Trust Fund
Cash flows from operating activities	\$ -
Net cash used in operating activities	-
Cash flows from non-capital financing activities	
Cash paid to other funds	(182,755)
Net cash provided by non-capital financing activities	(182,755)
Cash flows from investing activities	
Net cash provided by investing activities	-
Net decrease in cash and cash equivalents	(182,755)
Cash and cash equivalents - beginning of year	182,755
Cash and cash equivalents - end of year	\$ -
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ -
Adjustments to reconcile operating income to net cash used in operating activities	
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	-
Net cash used in operating activities	\$ -

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

June 30, 2013

	Agency Funds		
	Property Tax Fund	General Agency Fund	Fire Fighters of Natrona County
ASSETS			
Cash and cash equivalents	\$ -	\$ 15,759,519	\$ 9,895
Investments	-	-	207,587
Taxes receivable	668,759	-	-
Total assets	668,759	15,759,519	217,482
LIABILITIES			
Due to other governments	668,759	15,759,519	217,482
Medical claims payable	-	-	-
Total liabilities	668,759	15,759,519	217,482
NET POSITION			
Restricted for			
Employees medical benefits and other governments and organizations	-	-	-
Total net position	\$ -	\$ -	\$ -

See accompanying notes to the financial statements

Employee Benefit Trust Fund	Investment Pool Trust Fund	Total
\$ 316,913	\$ -	\$ 16,086,327
2,302	1,709,436	1,919,325
<u>-</u>	<u>-</u>	<u>668,759</u>
<u>319,215</u>	<u>1,709,436</u>	<u>18,674,411</u>
-	-	16,645,760
<u>307,500</u>	<u>-</u>	<u>307,500</u>
<u>307,500</u>	<u>-</u>	<u>16,953,260</u>
<u>11,715</u>	<u>1,709,436</u>	<u>1,721,151</u>
<u>\$ 11,715</u>	<u>\$ 1,709,436</u>	<u>\$ 1,721,151</u>

NATRONA COUNTY, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2013

	Employee Benefit Trust Fund	Investment Pool Trust Fund
Additions		
Contributions from pool participants	\$ -	\$ 1,188,220
Contributions from employer	4,897,305	-
Investment losses	(42)	(32,267)
Total additions	4,897,263	1,155,953
Deductions		
Transfer deficit from internal service fund	222,401	-
Medical benefits paid	4,663,147	-
Distributions to pool participants	-	900,000
Total deductions	4,885,548	900,000
Change in net position	11,715	255,953
Net position - beginning of year	-	1,453,483
Net position - end of year	\$ 11,715	\$ 1,709,436

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2013

	Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair
ASSETS			
Cash and cash equivalents	\$ 745,077	\$ 765,443	\$ 252,278
Investments	186,351	95,491	-
Beneficial interest in assets held by others	-	245,039	-
Accounts receivable	30,652	-	-
Accrued interest receivable	351	-	639
Prepaid expenses	-	-	-
Due from other governments	-	-	-
Due from primary government	19,688	-	-
Inventory	341,571	-	-
Capital assets not being depreciated	-	2,187,680	-
Capital assets being depreciated, net	348,297	1,166,436	3,701,666
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	1,972,798	827,909
Total assets	1,671,987	6,432,887	4,782,492
LIABILITIES			
Accounts payable and accrued liabilities	95,534	224,326	6,439
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	17,476	-
Due in more than one year	36,461	92,326	42,409
Total current liabilities	131,995	334,128	48,848
NET POSITION			
Invested in capital assets, net of related debt	348,297	3,354,116	3,701,666
Restricted, expendable			
Restricted for passenger facility charges	-	-	-
Restricted, nonexpendable			
Restricted by donors	-	1,972,798	827,909
Unrestricted	1,191,695	771,845	204,069
Total net position	\$ 1,539,992	\$ 6,098,759	\$ 4,733,644

See accompanying notes to the financial statements

City of Casper/ Natrona County Health Department	Community Action Partnership	Natrona County Airport	Total
\$ 793,469	\$ 113,005	\$ 962,439	\$ 3,631,711
489,757	-	1,989,056	2,760,655
-	-	-	245,039
76,412	-	235,464	342,528
-	-	-	990
-	19,513	-	19,513
77,976	39,056	608,123	725,155
-	6,628	-	26,316
4,323	-	35,352	381,246
-	-	4,805,675	6,993,355
106,741	102,394	24,044,026	29,469,560
-	-	119,497	119,497
-	-	-	2,800,707
<u>1,548,678</u>	<u>280,596</u>	<u>32,799,632</u>	<u>47,516,272</u>
36,988	30,711	342,160	736,158
121,450	41,765	100,802	264,017
132,979	7,117	375,147	532,719
-	33,099	1,612,972	1,817,267
<u>291,417</u>	<u>112,692</u>	<u>2,431,081</u>	<u>3,350,161</u>
106,741	102,394	27,165,540	34,778,754
-	-	141,659	141,659
-	-	-	2,800,707
<u>1,150,520</u>	<u>65,510</u>	<u>3,061,352</u>	<u>6,444,991</u>
<u>\$ 1,257,261</u>	<u>\$ 167,904</u>	<u>\$ 30,368,551</u>	<u>\$ 44,166,111</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2013

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Natrona County Weed and Pest Control	\$ 1,045,995	\$ 255,905	\$ -	\$ -
Natrona County Public Library	2,761,621	46,629	2,628,195	8,799
Natrona County Fair	1,627,305	786,991	566,100	55,143
City of Casper/Natrona County Health Department	3,157,462	709,554	2,032,926	30,100
Community Action Partnership	1,928,993	10,978	1,697,917	-
Natrona County Airport	6,705,591	4,676,062	279,376	1,984,896
	\$ 17,226,967	\$ 6,486,119	\$ 7,204,514	\$ 2,078,938
		General revenues Property taxes Other taxes Miscellaneous revenues Contributions to permanent endowment Unrestricted investment earnings Total general revenues Change in net position Net position - beginning of year, as previously stated Prior period adjustment Net position - beginning of year, restated Net position - end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair	City of Casper/ Natrona County Health Department	Community Action Partnership	Natrona County Airport	Totals
\$ (790,090)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (790,090)
-	(77,998)	-	-	-	-	(77,998)
-	-	(219,071)	-	-	-	(219,071)
-	-	-	(384,882)	-	-	(384,882)
-	-	-	-	(220,098)	-	(220,098)
-	-	-	-	-	234,743	234,743
<u>(790,090)</u>	<u>(77,998)</u>	<u>(219,071)</u>	<u>(384,882)</u>	<u>(220,098)</u>	<u>234,743</u>	<u>(1,457,396)</u>
778,462	-	-	-	-	-	778,462
238,636	-	-	-	-	-	238,636
1,510	20,480	-	4,106	182,059	-	208,155
-	90,665	-	-	-	-	90,665
2,900	271,358	7,795	(8,485)	31	3,167	276,766
<u>1,021,508</u>	<u>382,503</u>	<u>7,795</u>	<u>(4,379)</u>	<u>182,090</u>	<u>3,167</u>	<u>1,592,684</u>
231,418	304,505	(211,276)	(389,261)	(38,008)	237,910	135,288
1,308,574	5,794,254	4,944,920	1,625,471	218,980	30,130,641	44,022,840
-	-	-	21,051	(13,068)	-	7,983
<u>1,308,574</u>	<u>5,794,254</u>	<u>4,944,920</u>	<u>1,646,522</u>	<u>205,912</u>	<u>30,130,641</u>	<u>44,030,823</u>
<u>\$ 1,539,992</u>	<u>\$ 6,098,759</u>	<u>\$ 4,733,644</u>	<u>\$ 1,257,261</u>	<u>\$ 167,904</u>	<u>\$ 30,368,551</u>	<u>\$ 44,166,111</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies

Natrona County, Wyoming (the County) provides a broad range of services to its citizens, including general government, public safety, transportation, roads and bridges, health, cultural, recreational, conservation and social services.

Financial Reporting Entity

The County (primary government) is a municipal corporation governed by five elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge maintenance and operation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations and so data from those units is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combining statements for major component units to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a June 30 year end.

Blended Component Units

The following entities are considered blended component units of the County:

Hall of Justice Joint Powers Board – accounts for funds received from the County and the City of Casper for continuing maintenance of the Hall of Justice. The Hall of Justice Joint Powers Board governing body is not substantially the same as the County. However, the County is financially accountable for the Hall of Justice Joint Powers Board as the County is responsible for the financial burden of the Hall of Justice. In addition, the Hall of Justice Joint Powers Board is fiscally dependent upon the County. The Hall of Justice Joint Powers Board is reported as part of the general fund of the County.

Natrona County Jail Joint Powers Board – accounts for funds received from the County and the City of Casper for continuing maintenance of the Jail. The Jail Joint Powers Board governing body is not substantially the same as the County. However, the County is financially accountable for the Jail Joint Powers Board as the County is responsible for the financial burden of the Jail. In addition, the Jail Joint Powers Board is fiscally dependent upon the County. The Natrona County Jail Joint Powers Board is reported as part of the general fund of the County.

Discretely Presented Component Units

The columns in the combining statements for major component units include the financial data of the County's other component units. They are reported in separate columns to emphasize that they are legally separate from the County. The governing boards of these component units are appointed by the Board of County Commissioners, except for the Health Department's board, which is appointed by the County Commissioners and the City Council of the City of Casper, Wyoming.

The Weed and Pest Control District was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and levies taxes (if necessary) on behalf of the District. The District does not issue separate external financial statements.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

The Natrona County Fair maintains and manages the operations of the County Fair and conducts agricultural, industrial and other fairs and exhibitions within the County. The Fair is fiscally dependent upon the County because the Board of Commissioners approves the Fair's budget, levies taxes (if necessary) and must approve any debt issuances. The Fair's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Fair does not issue separate external financial statements.

The Central Wyoming Sports Foundation Executrust (the Executrust) is reported as a component unit of the Natrona County Fair as it raises and holds economic resources for the direct benefit of the Natrona County Fair. The Executrust is a legally separate entity which does not issue separate financial statements.

The Natrona County Public Library maintains and manages the operations of the County Library and the library system. The Library is fiscally dependent upon the County because the Board of Commissioners approves the Library's budget, levies taxes (if necessary) and must approve any debt issuances. The Library's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Library does not issue separate external financial statements.

The Natrona County Public Library Foundation (the Foundation) is reported as a component unit of the Natrona County Public Library as it raises and holds economic resources for the direct benefit of the Natrona County Library. The Foundation is a legally separate entity which does not issue separate financial statements.

The City of Casper/Natrona County Health Department serves all the citizens of the County. The Board was established to provide effective review and evaluation of health service programs within the County as well as to provide coordination between services and a procedure for contracting funding for services in the County. The Health Department does not issue separate external financial statements.

The Community Action Partnership of Natrona County (CAP) is a nine member tri-partite board with board members equally representing the public, at-large and low-income population of Natrona County. The primary goals of CAP are to reduce poverty, revitalize low-income communities, empower low-income families and individuals to become self-sufficient, reduce delinquency and crime, promote mental health, prevent substance abuse and family violence and encourage cooperation with educational, health, and other anti-poverty programs. CAP is fiscally dependent upon the County because the Board of Commissioners approves the budget and must approve any debt issuances. CAP does not issue separate financial statements.

The Natrona County Airport (the Airport) is a facility which provides air travel and freight services to all the citizens of the County. The Airport is a legally separate municipal corporation formed under Wyoming State Statutes. The Airport is governed by a five member board of trustees who are appointed by the County Board of Commissioners. The Commissioners also approve the Airport's annual budget. Under the empowering statutes the Airport is a body corporate, empowered to sue and be sued under its own name. The Airport issues separate external financial statements, which may be obtained at the Airport's administrative offices.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The County's financial statements are designed to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the County's financial outlook.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

For this purpose, the government 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County road construction fund is a capital projects fund and is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Additionally, the County previously reported an internal service fund, which accounted for employee health benefits provided to other departments of the County. This fund was converted to an employee benefit trust fund, a fiduciary fund, during the year.

Internal service funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an internal service fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to the various County departments and funds for services. Operating expenses for the internal service fund includes the cost of medical benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The County's fiduciary fund type includes Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, and Trust Funds, with a measurement focus upon determination of change in financial position similar to the accounting utilized in governmental fund types.

Cash and Cash Equivalents

The County considers all demand deposits and highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Investments

Wyoming Statutes authorize the types of investments in which Counties may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, and repurchase agreements involving U.S. Government securities. The County's investments consist of certificates of deposit, U.S. Agencies' obligations, all of which are carried at fair value, and participation in the Wyoming Government Investment Fund (WGIF). WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The fund employs a team of professionals to manage the investments which are comprised of governmental securities meeting state statutory requirements. The value of the County's investments in WGIF equals the value of its WGIF shares.

The County maintains an investment pool that is available for use by all funds and component units, as well as several outside entities. Each fund's share of the pool balance is reported in the financial statements as investments. Earnings from the pooled investments are allocated monthly to each participant based on a formula that takes into consideration each participant's average investment in the pool.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/due from" the entities and funds involved. Transfers and interfund transactions between governmental funds are eliminated in the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Inventory

Inventory consists of expendable supplies held for consumption and is reported at cost (first-in, first-out). The cost is recorded as an expenditure at the time individual inventory items are used. Inventory is offset by a non-spendable fund balance account which indicates it is not an "available spendable resource."

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are recorded at historical cost or at estimated historical cost if the actual historical cost is not available in the government-wide financial statements. Infrastructure assets include roads, bridges, water/ sewer, drainage systems and flood control. The County's capitalization level for buildings, improvements, equipment, vehicles, furniture and fixtures is \$5,000. The County's capitalization level for infrastructure assets is \$100,000. Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

Primary Government	Years
Buildings	40
Machinery and equipment	5
Hospital assets	5 - 40
Component Units	
Buildings	10 - 40
Machinery and equipment	5 - 20
Library collection	3 - 15
Hangars, runways, ramps and taxiways	20

In accordance with the alternative approach to depreciating infrastructure assets permitted by GASB Statement No. 34, the County has elected to expense all infrastructure related expenditures, except for those expenditures related to additions to or improvement of infrastructure assets, in lieu of depreciating infrastructure assets. In order to utilize the alternative system, the County must maintain an asset management system which assesses asset condition and must maintain infrastructure assets at the condition level established by the County.

Capital asset purchases are accounted for as expenditures of the general fund and road construction fund in the governmental fund financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 62, 63 and 65

Effective this reporting period is GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB No. 62 will result in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The County has not applied other accounting literature.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 62, 63 and 65 (Continued)

During the year ended June 30, 2013, the County also implemented two new accounting standards. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, resulted in a change to the County's financial reporting. Those changes are reflected in this financial report. GASB No. 65, *Items Previously Reported as Assets and Liabilities*, resulted in a prior period adjustment for a change in accounting policies. See Note 17 for more details.

Property Taxes

Property taxes attach as an enforceable lien on the property at the time of the tax sale each year. Property taxes are levied at the second Commissioners meeting in August, and are due in two installments. The first becomes due on November 10 and delinquent on the next business day; the second becomes due on May 10 and delinquent on the next business day. If the entire amount is paid by December 31, the interest on the first installment will be waived. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after the fiscal year end, with the net balance considered unavailable and, therefore, deferred.

Compensated Absences

All regular, full-time employees are entitled to vacation leave and all regular part-time employees accumulate vacation leave on a prorated basis. Employees accumulate vacation leave hours monthly based on number of years of service with the County. Employees will be paid for the unused vacation leave at their salary rate in effect upon termination of employment at a maximum of 192 accumulated hours. Regular employees accrue sick leave of one day per month. Accumulation of sick leave shall be limited to 480 hours/60 days. Employees with 10 or more years of service will be paid for one-third (1/3) of their unused sick leave not to exceed 10 days at their salary rate in effect upon termination of employment.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Budgets

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. The legally adopted budget consists of the primary government general fund and governmental fund type component unit funds. Annual appropriated budgets are prepared on a basis of estimated cash receipts and cash disbursements. In the case of the general fund and most of the component units - governmental fund types, unexpended and unencumbered budgeted amounts and budget appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing year.

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing Boards of the component units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects all approved budget amendments. Supplemental budget appropriations of \$6,049,458 were approved for the general fund during the year.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Major Taxpayers

The County's 10 largest taxpayers account for over 36% of the County's total assessed property valuation. Eight of the 10 taxpayers are involved in mineral extraction industries. A utility company and a transportation company make up the other two major taxpayers. The County received approximately 18% of its total tax revenues from these taxpayers.

Fund Equity

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. While the County has not adopted a formal policy, when committed, assigned, or unassigned amounts are available for use, the County intends to utilize committed resources first, then assigned resources, and finally, unassigned resources as they are needed.

Non-spendable fund balances include amounts which cannot be spent because they are not in spendable form. Restrictions on fund balances have been externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions. Commitments of fund balances were imposed by resolution of the Board of County Commissioners; these balances may be redeployed with appropriate due process. Assignments of fund balances express the intent of the County, as designated by the Board of County Commissioners, to utilize the funds for specific purposes.

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from estimates.

Collections

The Natrona County Library owns a collection of rare historical books on Wyoming, as well as its complete collection of library books. These items are not considered to be held for financial gain. All books in the collection are protected, kept unencumbered, and preserved. The Library has capitalized this collection, but does not depreciate the rare books collection. The library collection has a limited life and is available to be borrowed by the general public. The library collection is capitalized and depreciated.

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2013.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Deposits and Investments

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that the County's deposits in excess of the Federal depository insurance must be collateralized. At June 30, 2013, the County's deposits were fully collateralized as required by statutes.

Investments

As of June 30, 2013, the primary government had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
External investment pool	\$ 2,515,531	n/a	2,515,531	-	-	-	n/a
WGIF	940,997	n/a	940,997	-	-	-	AAAm
FHLB	653,212	2.00%	-	-	-	653,212	AA+
FHLB	778,424	1.00%	-	-	-	778,424	AA+
FHLB	744,696	2.25%	-	-	744,696	-	AA+
Total	\$ 5,632,860		\$ 3,456,528	\$ -	\$ 744,696	\$ 1,431,636	

Investments of the primary government are reported under the following captions:

Investments	\$ 4,691,863
Restricted investments	940,997
	<u>\$ 5,632,860</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2013, the component units of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
U.S. Government							
agency securities	\$ 164,165	.13% -2.5%	\$ 84,545	\$ 79,620	\$ -	\$ -	Not rated
Mutual funds	1,595,684	n/a	1,595,684	-	-	-	n/a
External							
investment pool	585,248	n/a	585,248	-	-	-	n/a
Municipal bonds	50,364	0.0% to 4.6%	50,364	-	-	-	AA-
Corporate bonds	126,071	1.5% to 6.15%	50,370	75,702	-	-	Aaa
Certificates of deposit	3,039,830	.5% to 3.15%	2,694,065	345,765	-	-	n/a
Total	\$ 5,561,362		\$ 5,060,276	\$ 501,087	\$ -	\$ -	

Investments of the component units are reported under the following captions:

Investments	\$ 2,760,655
Restricted investments	<u>2,800,707</u>
	<u><u>\$ 5,561,362</u></u>

Mutual funds, corporate bonds, and common stocks may be held by the Central Wyoming Sport Foundation Executrust and the Natrona County Public Library Foundation; these entities are not subject to the state statutes which restrict investments to governmental securities. The mutual funds noted above are not rated by Moody's or Standard and Poor's.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

Generally, credit risk is the risk that 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. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and securities held in the external investment pool are rated AAA/AA+ by Standard and Poor's and Moody's. Under investment agreements with WGIF, the County has invested monies at a fixed contract rate of interest; this pool is rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The County does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the County's total investments. Excluding external investment pools and investments issued by or explicitly guaranteed by the U.S. Government, no single amount or issuer represents 5 percent or more of total investments.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes limit the type of investments the County can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the County's exposure to custodial credit risk for its investments. The only other significant exposure is for securities held by securities brokers or other banks. Management believes the stability and reputation of these brokers or other banks serves to limit its custodial credit risk.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2013 are as follows:

	Receivable	Payable
General Fund	\$ -	\$ 5,173,105
County Road Construction Fund	4,984,137	-
Drug Court Fund	162,652	-
Component Units	26,316	-
	\$ 5,173,105	\$ 5,173,105

Interfund balances resulted from the time lag between dates that (1) interfund goods and services were provided or reimbursable expenses occurred, (2) transactions were recorded in the accounting systems, and (3) payments between funds were made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfers In	Transfers Out
Health Insurance - internal service fund	\$ 222,401	\$ -
Health Insurance - employee benefit trust fund	-	222,401
	\$ 222,401	\$ 222,401

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 16,115,186	\$ -	\$ (73,700)	\$ 16,041,486
Infrastructure	25,957,969	-	-	25,957,969
Total capital assets not being depreciated	<u>42,073,155</u>	<u>-</u>	<u>(73,700)</u>	<u>41,999,455</u>
Capital assets being depreciated				
Buildings	145,921,201	-	(529,516)	145,391,685
Machinery and equipment	18,245,650	1,272,556	(665,543)	18,852,663
Hospital assets*	257,895,855	28,944,182	-	286,840,037
Total capital assets being depreciated	<u>422,062,706</u>	<u>30,216,738</u>	<u>(1,195,059)</u>	<u>451,084,385</u>
Less accumulated depreciation for				
Buildings	90,635,775	1,751,921	(425,746)	91,961,950
Machinery and equipment	15,029,937	1,463,110	(647,579)	15,845,468
Hospital assets*	166,173,243	12,199,696	-	178,372,939
Total accumulated depreciation	<u>271,838,955</u>	<u>15,414,727</u>	<u>(1,073,325)</u>	<u>286,180,357</u>
Total capital assets, being depreciated, net	<u>150,223,751</u>	<u>14,802,011</u>	<u>(121,734)</u>	<u>164,904,028</u>
Capital assets, net	<u>\$ 192,296,906</u>	<u>\$ 14,802,011</u>	<u>\$ (195,434)</u>	<u>\$ 206,903,483</u>

* These assets are leased to the Wyoming Medical Center, Inc. under an operating lease.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets (Continued)

Primary Government (Continued)

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

Governmental activities	
General government	\$ 1,257,008
Public safety	1,383,071
Public works	502,410
Health and welfare	25,000
Conservation of natural resources	47,542
Hospital	12,199,696
Total depreciation expense - governmental activities	\$ 15,414,727

Component Units

Capital asset activity for each component unit for the year ended June 30, 2013 follows.

Capital asset activity for the Natrona County Weed and Pest Control for the year ended June 30, 2013 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 208,179	\$ 108,186	\$ -	\$ 316,365
Machinery and equipment	462,879	94,094	-	556,973
Total capital assets being depreciated	671,058	202,280	-	873,338
Less accumulated depreciation for				
Buildings and improvements	126,363	6,882	-	133,245
Machinery and equipment	353,739	38,057	-	391,796
Total accumulated depreciation	480,102	44,939	-	525,041
Capital assets, net	\$ 190,956	\$ 157,341	\$ -	\$ 348,297

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Public Library for the year ended June 30, 2013 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,545,080	\$ -	\$ -	\$ 1,545,080
Rare book collection	574,600	68,000	-	642,600
Total capital assets not being depreciated	<u>2,119,680</u>	<u>68,000</u>	<u>-</u>	<u>2,187,680</u>
Capital assets being depreciated				
Machinery and equipment	614,701	40,758	(11,526)	643,933
Library collection	2,659,118	282,071	(62,245)	2,878,944
Total capital assets being depreciated	<u>3,273,819</u>	<u>322,829</u>	<u>(73,771)</u>	<u>3,522,877</u>
Less accumulated depreciation for				
Machinery and equipment	575,244	19,061	(7,266)	587,039
Library collection	1,540,812	290,836	(62,246)	1,769,402
Total accumulated depreciation	<u>2,116,056</u>	<u>309,897</u>	<u>(69,512)</u>	<u>2,356,441</u>
Total capital assets being depreciated, net	<u>1,157,763</u>	<u>12,932</u>	<u>(4,259)</u>	<u>1,166,436</u>
Capital assets, net	<u>\$ 3,277,443</u>	<u>\$ 80,932</u>	<u>\$ (4,259)</u>	<u>\$ 3,354,116</u>

Capital asset activity for the Natrona County Fair for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings	\$ 6,419,647	\$ -	\$ -	\$ 6,419,647
Machinery and equipment	1,096,620	-	(29,353)	1,067,267
Total capital assets being depreciated	<u>7,516,267</u>	<u>-</u>	<u>(29,353)</u>	<u>7,486,914</u>
Less accumulated depreciation for				
Buildings	2,753,957	160,491	-	2,914,448
Machinery and equipment	840,751	59,402	(29,353)	870,800
	<u>3,594,708</u>	<u>219,893</u>	<u>(29,353)</u>	<u>3,785,248</u>
Capital assets, net	<u>\$ 3,921,559</u>	<u>\$ (219,893)</u>	<u>\$ -</u>	<u>\$ 3,701,666</u>

Approximately \$3,421,693 of buildings has been acquired under capital leases. The related amortization expense of \$85,542 has been included in annual depreciation expense.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the City of Casper/Natrona County Health Department for the year ended June 30, 2013, was as follows:

	Restated Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Machinery and equipment	\$ 526,731	\$ 51,311	\$ (7,000)	\$ 571,042
Total capital assets being depreciated	<u>526,731</u>	<u>51,311</u>	<u>(7,000)</u>	<u>571,042</u>
Less accumulated depreciation for				
Machinery and equipment	442,853	28,448	(7,000)	464,301
Total accumulated depreciation	<u>442,853</u>	<u>28,448</u>	<u>(7,000)</u>	<u>464,301</u>
Capital assets, net	<u>\$ 83,878</u>	<u>\$ 22,863</u>	<u>\$ -</u>	<u>\$ 106,741</u>

Capital asset activity for the Community Action Partnership for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated				
Machinery and equipment	247,433	-	-	247,433
Intangibles	22,260	-	-	22,260
Total capital assets being depreciated	<u>269,693</u>	<u>-</u>	<u>-</u>	<u>269,693</u>
Less accumulated depreciation for				
Machinery and equipment	150,404	16,895	-	167,299
Total accumulated depreciation	<u>150,404</u>	<u>16,895</u>	<u>-</u>	<u>167,299</u>
Capital assets, net	<u>\$ 119,289</u>	<u>\$ (16,895)</u>	<u>\$ -</u>	<u>\$ 102,394</u>

Approximately \$18,515 of equipment has been acquired under capital leases. The related amortization expense of \$3,086 has been included in annual depreciation expense.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Airport for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 4,214,066	\$ 15,983	\$ -	\$ 4,230,049
Construction in progress	-	575,626	-	575,626
Total capital assets not being depreciated	<u>4,214,066</u>	<u>591,609</u>	<u>-</u>	<u>4,805,675</u>
Capital assets being depreciated				
Buildings and improvements	78,733,973	1,797,841	(220,645)	80,311,169
Machinery and equipment	4,090,863	152,579	(61,674)	4,181,768
Water and sewage system	801,207	-	-	801,207
Total capital assets being depreciated	<u>83,626,043</u>	<u>1,950,420</u>	<u>(282,319)</u>	<u>85,294,144</u>
Less accumulated depreciation for				
Buildings and improvements	55,028,522	2,281,710	(207,934)	57,102,298
Machinery and equipment	3,264,627	169,809	(60,973)	3,373,463
Water and sewage system	770,299	4,028	-	774,327
Total accumulated depreciation	<u>59,063,448</u>	<u>2,455,547</u>	<u>(268,907)</u>	<u>61,250,088</u>
Total capital assets, being depreciated, net	<u>24,562,595</u>	<u>(505,127)</u>	<u>(13,412)</u>	<u>24,044,056</u>
Capital assets, net	<u>\$ 28,776,661</u>	<u>\$ 86,482</u>	<u>\$ (13,412)</u>	<u>\$ 28,849,731</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. County Debt

The Wyoming Constitution (Article 16 §3) limits the amount of indebtedness for any County to not more than two per centum of the last general assessment. This limit was \$24,956,539 at June 30, 2013. The County had no outstanding debt subject to this limitation.

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2013:

	Balance June 30, 2012	New Debt Incurred	Debt Retired	Balance June 30, 2013	Due Within One Year
Primary Government					
Certificates of participation	\$ 9,210,000	\$ -	\$ 560,000	\$ 8,650,000	\$ 580,000
Original issue discount	(128,725)	-	(9,902)	(118,823)	-
Capital lease obligations	7,609	-	7,609	-	-
Compensated absences	1,170,882	1,233,846	1,170,882	1,233,846	3,685
	<u>\$ 10,259,766</u>	<u>\$ 1,233,846</u>	<u>\$ 1,728,589</u>	<u>\$ 9,765,023</u>	<u>\$ 583,685</u>

Certificates of participation, notes payable and compensated absences of the primary government are generally liquidated by the general fund.

	Balance June 30, 2012	New Debt Incurred	Debt Retired	Balance June 30, 2013	Due Within One Year
Component Units					
Note payable	\$ 1,751,960	\$ -	\$ 67,799	\$ 1,684,161	\$ 71,189
Capital lease obligations	2,568	-	2,568	-	-
Compensated absences	607,575	665,825	607,575	665,825	461,530
	<u>\$ 2,362,103</u>	<u>\$ 665,825</u>	<u>\$ 677,942</u>	<u>\$ 2,349,986</u>	<u>\$ 532,719</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. County Debt (Continued)

Primary Government, Certificates of Participation

In December 2004, the County issued Certificates of Participation to finance the expansion and renovations of the Natrona County Detention Center. A summary of the Certificates of Participation as of June 30, 2013 is as follows

Certificates of participation series 2004, due in annual installments of \$250,000 to \$890,000 through June 2025, interest at 3.0% to 4.0%, original amount issued \$9,995,000 at discount of \$202,990	\$ 8,650,000
	\$ 8,650,000

Scheduled principal and interest requirements as of June 30, 2013 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 580,000	\$ 351,781	\$ 931,781
2014	600,000	328,581	928,581
2015	625,000	306,081	931,081
2016	645,000	281,863	926,863
2017	670,000	256,869	926,869
2018-2022	3,790,000	850,719	4,640,719
2023-2025	1,740,000	105,200	1,845,200
	\$ 8,650,000	\$ 2,481,094	\$ 11,131,094

The balances above do not include the discount in the amount of \$118,823 that is reported as a component of the certificates of participation.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. County Debt (Continued)

Component Units, Note Payable

A summary of the note payable for the Natrona County International Airport as of June 30, 2013 is as follows:

Note payable to a government agency, with interest at 5%, payable in annual installments of \$155,397 due each January, through January 2029	<u>\$ 1,684,161</u>
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Scheduled principal and interest requirements as of June 30, 2013 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 71,189	\$ 84,209	\$ 155,398
2016	74,749	80,648	155,397
2016	78,489	76,911	155,400
2017	82,411	72,987	155,398
2018	86,531	68,866	155,397
2019 thru 2023	502,046	274,941	776,987
2024 thru 2028	640,752	136,235	776,987
2029	147,997	7,400	155,397
	<u>\$ 1,684,164</u>	<u>\$ 802,197</u>	<u>\$ 2,486,361</u>

Note 6. Revenue Bonds

In February 2011, the Wyoming Medical Center (the Center) issued \$20,000,000 aggregate principal amount of its Revenue Bonds, Series 2011, dated February 17, 2011 through Natrona County, Wyoming. The bond issuance resulted in net proceeds to the Center of approximately \$20,039,244 including a premium of \$39,244. The Series 2011 Bonds are special, limited obligations of the Center and the Board of Trustees of the Memorial Hospital of Natrona County, equally and ratably payable from the "Net Pledged Revenues" and certain funds held under the Indenture. As of June 30, 2013, \$19,440,000 of principal on the Series 2011 was outstanding. This obligation is not included on the balance sheet of the County since it is not obligated in any manner for repayment of the bonds.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 7. Natrona County Memorial Hospital Lease

On August 11, 1986, the Center entered into a lease with the Board of Trustees of Memorial Hospital of Natrona County (Landlord) with the approval and consent of the Board of County Commissioners of Natrona County, Wyoming. The lease was amended May 16, 1995. The lease provides that the net assets of the hospital be leased to the Center.

The amended lease is for a primary term of ten years with two optional ten year renewals. In the event of expiration, termination, or default of the lease, substantially all of the assets under the operating lease will revert to the Board of Trustees of Memorial Hospital of Natrona County.

Under this lease, the Center is responsible for all costs, expenses, and obligations of every kind and nature relating to the use and occupancy of the leased premises. The Center is required to comply with all covenants imposed on the County and/or Landlord by the Bond Indenture (Note 6) and is required to meet certain financial covenants, as defined in the lease.

In consideration of the lease, the Center agrees to provide medically necessary hospital care without charge to residents of Natrona County, Wyoming, who have no means to pay for such care. As further consideration for this lease, as amended, the Center agrees to assume all costs and expenses for services provided by the Center in excess of \$120,000 per year for prisoner medical care and involuntary hospitalizations. In addition, the Center is required to pay the principal, premium, interest, and all other obligations required by the Bond Indenture.

Payments in lieu of rent for the years ended June 30 are as follows:

	2013	2012
Indigent and prisoner care	\$ 22,147,540	\$ 22,534,863
Property insurance	241,893	164,501
	<u>\$ 22,389,433</u>	<u>\$ 22,699,364</u>

The operating lease provides that creating any lien, encumbrance, mortgage, or assignment by the Center requires the approval of the Landlord and the Board of County Commissioners of Natrona County, Wyoming.

All assets and liabilities related to the Wyoming Medical Center, Inc. are to revert to the County upon expiration or termination of the agreement. The County has retained title to all property and equipment originally transferred to the Center and additions purchased with the proceeds of all bond issues.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 8. Beneficial Interest in Assets Held by Others

In the past, the Library Foundation transferred investments to the Wyoming Community Foundation specifying itself as the beneficiary. The Library Foundation receives distributions from the Wyoming Community Foundation which approximate the earnings on the investments held on the Library Foundation's behalf. The Wyoming Community Foundation may substitute another beneficiary in place of the Library Foundation, should the Library Foundation cease to exist or if the governing board of the Wyoming Community Foundation votes that support of the Library Foundation is not necessary, or is inconsistent with the needs of the community. No other explicit variance power was granted in conjunction with the transfer. Financial Accounting Standards Board (FASB) ASC 958-605-50-4 requires those transferred assets to be reported on the Library Foundation's books at fair value, which was \$245,039 and \$225,673 as of June 30, 2013 and June 30, 2012, respectively, as beneficial interest in assets held by others.

Note 9. Defined Benefit Pension Plan

The County's full-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple employer public employee retirement system. The Plan provides retirement benefits at age 60 with early retirement options available. The Plan also provides disability and death benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan, all of which is paid by the County, and 17.2% of covered law enforcement members' salaries, of which 6.28% is paid by the law enforcement member. The County's contributions to the System for law enforcement members and all other employees for the years ended June 30, 2013, 2012 and 2011 were \$2,335,434, \$2,394,245, and \$2,452,811, respectively, equal to the required contributions for each year.

Effective September 1, 2013, the employee contribution will increase by 0.05% from 7.00% to 7.50%. In September 2014, the employer contribution rate will increase by 0.05% from 7.12% to 7.62%. The County will have the option to pay or not pay the additional employee contribution.

The component units' contributions to the System, excluding the Airport, for the years ended June 30, 2013, 2012 and 2011 were \$617,758, \$635,165, \$506,555, respectively, equal to the required contributions for each year for regular employees.

The Airport's contributions to the System for the years ended June 30, 2013, 2012 and 2011 were \$135,758, 137,665, and \$125,778, respectively, equal to the required contributions for each year for regular employees and 85,402, 89,960, and \$88,463, respectively, for firemen. The Airport also pays 100% of required contributions which are 14.12% for regular employees and 23.5% for firemen.

Effective September 1, 2013, the employee contribution will increase by 0.50% from 7.00% to 6.50%. In September 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The County will have the option to pay or not pay the additional employee contribution.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 10. Deferred Compensation Plans

As required by the Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the County does not include assets in deferred compensation plans in the County's financial statements. The County's 457 plan document, in compliance with the Internal Revenue Code, requires all assets of the two deferred compensation plans offered to its employees to be held in trust for the exclusive benefit of the participants and their beneficiaries. The plans, available to all full-time employees (except for employees of the Weed and Pest Control), permit employees to defer a portion of their salary. The plans are fully funded by the County. The deferred compensation and accumulated earnings thereon is not available to employees until termination, retirement, death, or unforeseeable emergency.

Note 11. County Equity

The following table outlines the specific purpose details of the governmental fund balances of the County:

	General Fund	County Road Construction Fund	Drug Court Fund	Totals
Fund balances				
Nonspendable				
Inventory	\$ 83,353	\$ -	\$ -	\$ 83,353
Prepaid insurance - COP	118,142	-	-	118,142
Restricted for				
Road construction	-	4,984,137	-	4,984,137
Drug court	-	-	162,652	162,652
Construction of criminal justice facilities	944,090	-	-	944,090
Parks - water and sewer	118,921	-	-	118,921
Committed to				
Perpetual care of one cent projects	2,257,879	-	-	2,257,879
Natrona County Detention Center Joint Powers Board	53,767	-	-	53,767
Hall of Justice Joint Powers Board	101,280	-	-	101,280
Transportation Department Road Funds	5,599,358	-	-	5,599,358
Assigned to				
Emergency reserves	7,500,000	-	-	7,500,000
Planned capital projects	9,845,948	-	-	9,845,948
Unassigned	2,150,692	-	-	2,150,692
Totals	<u>\$ 28,773,430</u>	<u>\$ 4,984,137</u>	<u>\$ 162,652</u>	<u>\$ 33,920,219</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 12. Commitments and Contingencies

Contingencies

There are several lawsuits pending against the County for various reasons. The outcome and eventual liability to the County, if any, in these cases is not known at this time; however, management and legal counsel estimate the potential claims against the County, not covered by insurance, resulting from such litigation would not materially affect the basic financial statements of the County.

Note 13. Risk Management Programs

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result of these and other risks, the County participates in Wyoming Association of Risk Management (WARM), a management risk pool and WARM property insurance pool. Assessments for premiums or retroactive premiums are based on each member's payroll costs in relation to the total payroll costs of all members. Historically, the County's payroll has represented approximately 12.9% of the total payroll of all participants in the pool. The Coverage limit is \$10,000,000, which also includes various sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to WARM by the County totaled \$485,549 and \$331,353 for the years ended June 30, 2013 and 2012, respectively.

The County also participates in two other state sponsored, risk management programs under the Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan with only a few exceptions. This Act provides for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the County. The County makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and is a split rate between hazardous and non-hazardous positions. Amounts paid by the County to the State for Workers' Compensation during fiscal year 2013 and 2012 were approximately \$359,785 and \$378,772, respectively.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 13. Risk Management Programs (Continued)

The County also provides health care benefits for primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$100,000 per year. Premiums paid for stop-loss insurance were \$406,108 and \$345,521 respectively, for the years ended June 30, 2013 and 2012. Estimated medical claims are calculated by the plan administrator based on past historical experience and current economic events. Claims are usually paid within one year of submission. Changes in the County's health care risk management liability during the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Health care risk management liability, beginning of year	\$ 407,500	\$ 440,000
Claims incurred	(4,343,392)	(3,259,259)
Claims paid	4,243,392	3,226,759
Health care risk management liability, end of year	\$ 307,500	\$ 407,500

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage. There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2013.

Note 14. Investment Pool

The Natrona County Investment Pool makes investments on behalf of many governmental entities. Investments made on behalf of the County or the component units are reported in the appropriate individual fund. Only investments held for external participants are reported in the Investment Pool Trust Fund.

Following is the condensed financial information for the Natrona County Investment Pool:

	Primary Government	Component Units	External Participants	Total
Statement of Financial Position				
Investments	\$ 2,620,174	\$ 585,248	\$ 1,709,436	\$ 4,914,858
Net position, reserved for external pool participants	-	-	1,709,436	1,709,436
Net position, unreserved	2,620,174	585,248	-	3,205,422
Total net position	\$ 2,620,174	\$ 585,248	\$ 1,709,436	\$ 4,914,858

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 14. Investment Pool (Continued)

	Primary Government	Component Units	External Participants	Total
Statement of Changes in Net Position				
Investment income (loss)	\$ (48,619)	\$ (10,764)	\$ (32,267)	\$ (91,650)
Contributions from participants	9,812	-	1,188,220	1,198,032
Distributions to participants	(35,000)	-	(900,000)	(935,000)
Increase (decrease) in net position	(73,807)	(10,764)	255,953	171,382
Net position, beginning	2,693,981	596,012	1,453,483	4,743,476
Net position, ending	<u>\$ 2,620,174</u>	<u>\$ 585,248</u>	<u>\$ 1,709,436</u>	<u>\$ 4,914,858</u>

All investments of the Natrona County Investment Pool are reported at fair value which is determined at least annually through market quotes. Each participant's position in the investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date. During the year ended June 30, 2013, the County did not provide or obtain any legally binding guarantees to support the value of the participant's shares. The following schedule summarizes the holdings of the investment pool as of June 30, 2013:

	Carrying Value	Fair Value
Cash deposits	\$ 2,314,885	\$ 2,314,885
FHLB, interest rates at 1.00 % to 2.05%, maturing 2027	1,195,000	1,130,498
FNMA, interest rates at .05% to 2.50%, maturing 2028	1,100,000	1,055,159
GNMA pass thru pool, interest at 4.5%, maturing 2023	187,925	187,088
FNMA pass thru pool, interest at 6.5%, maturing 2026	5,662	6,485
FNMA quarterly calls, interest at .70, maturing 2017	<u>225,247</u>	<u>220,743</u>
Total investments	<u>\$ 5,028,719</u>	<u>\$ 4,914,858</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 15. Related Organizations

The County provided revenues to various component units during the fiscal year ended June 30, 2013. Following are the amounts provided and the associated amounts payable to these component units as of June 30, 2013.

	Revenues Provided	Amounts Payable June 30, 2013
Natrona County Weed and Pest Control	\$ -	\$ 19,688
Natrona County Fair	621,243	-
Natrona County Public Library	2,412,094	-
City of Casper/Natrona County Health Department	573,010	-
Community Action Partnership	203,666	6,628

Note 16. Prior Period Adjustments

In the year ended June 30, 2013, the County adopted the provisions contained in the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These provisions change the accepted accounting for costs of issuance among other items. Costs of issuance associated with a bond offering were deferred in the past and amortized over the life of the bonds. The new provisions require the costs to be expensed when incurred. In the year of implementation, all financial information presented is to be restated to the new required presentation. In addition, prepaid insurance costs are to be reported as an asset and recognized as an expense in a systematic and rational manner of the duration of the related debt. The insurance costs had previously been expensed in the governmental fund financial statements. Implementing GASB Statement No. 65 resulted in changes to information previously reported.

The fund balances of the general fund and the county road construction have also been restated due to expenditures of \$37,010 and revenues of \$16,756 posted in the general fund rather than the county road construction fund. The fund balance of the general fund increased \$20,255, while the fund balance of the county road construction fund decreased \$20,255 as a result of the prior period adjustment. The results of these changes, as well as the changes due to the implementation of GASB Statement No. 65 are as follows:

Government-wide financial statements:

	Governmental Activities
Net position, beginning of year - as previously reported	\$ 211,023,955
Prior period adjustment	(107,815)
Net position, beginning of year - as restated	\$ 210,916,140
Costs of issuance and other related costs - as previously reported	\$ 235,802
Prior period adjustment	(107,815)
Costs of issuance and other related costs - as restated	\$ 127,987

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 16. Prior Period Adjustments (Continued)

Governmental fund financial statements:

	General Fund	County Road Construction Fund
Fund balance, beginning of year - as previously reported	\$ 23,726,707	\$ 5,071,911
Increase in prepaid insurance	127,987	-
Increase (decrease) to correct postings to funds	20,255	(20,255)
Fund balance, beginning of year - as restated	\$ 23,874,949	\$ 5,051,656

In addition, the capital assets and net position of the City of Casper/Natrona County Health Department were restated due to expensing a vehicle which should have been capitalized in the prior year. Machinery and equipment increased \$22,965, accumulated depreciation on equipment and machinery increased \$1,914, and net position increased \$21,051 as a result of the prior period adjustment.

Unearned revenue and net position for the Community Action Partnership were restated due to customer deposits for the LifeSteps Campus that were recorded as revenue rather than liabilities. Unearned revenue increased \$13,068 and net position decreased \$13,068 as a result of the prior period adjustment.

Note 17. Standards Issued, But Not Yet Implemented

As of June 30, 2013, the Governmental Accounting Standards Board had issued the following standards which the County will implement in its 2015 fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has not concluded its assessment of the effect of implementing this guidance.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 18. Subsequent Events

Subsequent to year end, the County entered into the following contracts/agreements:

Project	Contractor	Amount
Alcova reservoir secondary access road	Construction Technologies	\$ 316,564
Construction of Robertson Road	WYDOT	495,772
Courthouse boiler upgrade	Johnson Controls	185,000
Chip sealing and crack sealing roads	Knife River	1,145,194
Ag building fire alarm replacement	API Systems	54,594
Okie Beach earth work improvements	Andreen Hunt	464,700

In addition, Natrona County International Airport executed an Airport Improvement Grant of \$6,568,693 on August 27, 2013, as well as an Aeronautics grant of \$262,748 on September 10, 2013. The Airport executed a contract to perform the work with Hedquist Construction on September 13, 2013 for \$6,796,027.

REQUIRED SUPPLEMENTARY INFORMATION

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach

The County accounts for its infrastructure assets using the modified approach. The infrastructure consists of the road subsystem and the bridge subsystem.

The County manages its road network with an assessment system under a contract with an outside party. The network is assessed every three years, with the most recent assessment completed in fiscal year 2012. The roads may be rated as being in standard or substandard condition. Standard paved roads will not need major repairs for 8 to 20 years. Substandard paved roads will need major repairs within 0 to 7 years. Standard gravel roads will not need major repairs for 4 years. Substandard gravel roads will need major repairs within 0 to 4 years due to not having the proper structural base. The following table outlines condition levels, relative remaining life, and maintenance/rehabilitation required for paved and gravel roads as determined by the outside party which prepared the detailed condition survey for the County.

Paved Roads		
Pavement Condition No.	Relative Remaining Life Prior to Rehabilitation	Maintenance/Rehabilitation Required
85 - 100	12 to 15 years	Minimal - minor patching and crack sealing
80 - 84	10 to 12 years	Some - slurry seal or thin resurfacing
70 - 79	8 to 10 years	Routine - slurry seal, thin to thick resurfacing
60 - 69	6 to 8 years	Increasing - thicker resurfacing, surface replacement and possibly some subgrade stabilization
40 - 59	3 to 6 years	High - surface replacement, base reconstruction and possibly some subgrade stabilization
10 - 39	Less than 3 years	Very high - total reconstruction with subgrade preparation

Gravel Roads		
Surface Condition No.	Relative Remaining Life Prior to Rehabilitation	Maintenance/Rehabilitation Required
85 - 100	12 to 15 years	Minimal - some grading
80 - 84	10 to 12 years	Some - moderate grading
70 - 79	8 to 10 years	Thick to thin layer of gravel and potential for some sub base reconstruction and recompaction
60 - 69	6 to 8 years	Potential reshaping, gravel and recompaction
40 - 59	3 to 6 years	Some sub base reconstruction, gravel and recompaction
10 - 39	Less than 3 years	Total sub base reconstruction, reshaping, gravel and reconstruction

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach (Continued)

Effective July 1, 2006, it is the County's policy to maintain its paved roads with at least 25% rated as standard and to maintain its gravel roads with at least 21% rated as standard. Standard includes pavement/gravel condition numbers 70 and above. The County added an additional category of dirt/unimproved roads which are not assessed or maintained. The number of miles of paved and gravel rated standard and substandard are as follows:

2013 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	4.9%	4	1.6%	-	0.0%
80 - 84	32	7.4%	2	3.4%	-	0.0%
70 - 79	50	24.6%	25	18.8%	-	0.0%
Sub-standard						
60 - 69	39	25.0%	25	40.4%	-	0.0%
40 - 59	10	36.3%	42	35.3%	-	0.0%
10 - 39	-	1.8%	182	0.4%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>
2012 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	4.9%	4	1.6%	-	0.0%
80 - 84	32	7.4%	2	3.4%	-	0.0%
70 - 79	50	24.6%	25	18.8%	-	0.0%
Sub-standard						
60 - 69	39	25.0%	25	40.4%	-	0.0%
40 - 59	10	36.3%	42	35.3%	-	0.0%
10 - 39	-	1.8%	182	0.4%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>
2011 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	7	4.9%	4	1.6%	-	0.0%
80 - 84	11	7.4%	10	3.4%	-	0.0%
70 - 79	35	24.6%	53	18.8%	-	0.0%
Sub-standard						
60 - 69	36	25.0%	113	40.4%	-	0.0%
40 - 59	52	36.3%	99	35.3%	-	0.0%
10 - 39	3	1.8%	1	0.4%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>142</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach (Continued)

The County's bridges are monitored by the State of Wyoming. The State uses a comprehensive bridge management system (PONTIS) to assist in managing all bridges within the State. Each bridge is inspected at least once every two years. This inspection measures and rates the required National Bridge Inventory (NBI) items, including dimensions, clearances, alignment, waterway data and structural condition. The structural condition is evaluated by using structural elements. Each component of the bridge (girders, deck, railing, columns, piling, etc.) is assigned an element and the condition of each element is evaluated based on several condition assessments. The element data is converted to NBI ratings using a conversion program. The structure's NBI data is then used to determine its sufficiency rating. The sufficiency rating is calculated by the Federal Highway Administration, and bridges with a sufficiency rating of 80 or less and classified as structurally deficient and/or functionally obsolete are put on the Federal Highway Administration Selection List. Functional obsolescence is a measure of the suitability of the bridge to provide for requirements of traffic both on and under the structure. Structural deficiency is a measure of the condition of the structural elements and the ability of the bridge to carry the anticipated loads. Bridges appearing on the Selection List are considered deficient, whereas those not on the list, are considered acceptable. The bridge subsystem condition assessment is done every year. The County's policy is to maintain 55% of bridges at borderline or better condition.

Using the BMS/NBI conversion program, the NBI data supplied by the State of Wyoming to the Federal Highway Administration results in the Selection List Condition Rating is as follows:

Condition Rating	2013		2012		2011	
	Bridges	Percent	Bridges	Percent	Bridges	Percent
Acceptable (80 to 100 points)	12	50%	11	46%	10	42%
Borderline (50 to 80 points)	6	25%	6	25%	7	29%
Deficient (less than 50 points)	6	25%	7	29%	7	29%
	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>

The County's estimated maintenance and preservation expenditures on infrastructure assets as compared to actual expenditures on the budgeted expenditures follows.

	2013	2012	2011	2010	2009
Estimated maintenance and preservation expenditures	\$ 4,938,727	\$ 4,414,935	\$ 3,381,031	\$ 3,320,223	\$ 3,958,625
Actual maintenance and preservation expenditures	<u>2,914,896</u>	<u>4,300,637</u>	<u>2,372,212</u>	<u>2,281,416</u>	<u>3,717,206</u>
	<u>\$ (2,023,831)</u>	<u>\$ (114,298)</u>	<u>\$ (1,008,819)</u>	<u>\$ (1,038,807)</u>	<u>\$ (241,419)</u>

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 27,070,039	\$ 27,385,354	\$ 29,122,939	\$ 1,737,585
Licenses and permits	1,259,495	1,259,495	1,519,660	260,165
Intergovernmental	2,745,492	2,745,492	7,426,415	4,680,923
Charges for services	3,033,032	3,033,032	4,091,749	1,058,717
Investment income	35,000	35,000	(62,975)	(97,975)
Miscellaneous	809,900	809,900	1,006,597	196,697
Total revenues	<u>34,952,958</u>	<u>35,268,273</u>	<u>43,104,385</u>	<u>7,836,112</u>
Expenditures				
Current				
Agriculture	239,295	242,654	229,545	13,109
Assessor	854,084	867,312	799,242	68,070
Clerk	1,525,875	1,543,649	1,483,922	59,727
Coroner	372,852	378,361	361,283	17,078
Clerk of Court	1,579,752	1,593,585	1,425,362	168,223
Commissioners	23,346,523	17,001,953	14,158,339	2,843,614
Information technology	1,473,460	1,482,930	1,320,288	162,642
One percent	2,780,509	2,780,509	972,443	1,808,066
Road and bridge	3,757,209	3,811,873	3,226,879	584,994
Sheriff	14,255,816	14,420,463	13,727,537	692,926
Treasurer	806,739	819,367	724,698	94,669
Total expenditures	<u>50,992,114</u>	<u>44,942,656</u>	<u>38,429,538</u>	<u>6,513,118</u>
Net change in fund balance	<u>\$ (16,039,156)</u>	<u>\$ (9,674,383)</u>	4,674,847	<u>\$ 1,322,994</u>
Fund balance - beginning of year			<u>25,998,630</u>	
Fund balance - end of year			<u>\$ 30,673,477</u>	

See accompanying note to required supplementary information

NATRONA COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Note 1. Explanantion of Differences Between Budgetary Basis and GAAP Basis

The County's budgets and related appropriations are prepared on a basis of cash receipts and cash disbursements whereas the County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The adjustments necessary to convert the budgetary basis revenues and expenditures to GAAP basis revenues and expenditures of the general fund are as follows.

	<u>General Fund</u>
Revenues	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 43,104,385
Difference - Budget Basis to GAAP	
Accrual of accounts receivable	(109,607)
Accrual of taxes receivable	176,461
Accrual of grants receivable	(3,426)
Accrual of investment income	<u>(60,856)</u>
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,106,957</u>
Expenditures	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 38,429,538
Difference - Budget Basis to GAAP	
Accrual of accounts payable	(227,793)
Accrual of interest expense	<u>6,731</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 38,208,476</u>

OTHER SUPPLEMENTARY INFORMATION

NATRONA COUNTY, WYOMING

**NATRONA COUNTY COURT SUPERVISED TREATMENT PROGRAM
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
Year Ended June 30, 2013**

	State	Program Income	Total
CASH RECEIPTS			
State funds	\$ 379,447	\$ -	\$ 379,447
Program income	-	38,284	38,284
Total cash receipts	<u>379,447</u>	<u>38,284</u>	<u>417,731</u>
CASH DISBURSEMENTS			
Administrative	8,841	772	9,613
Client supplies	5,903	-	5,903
Drug testing contract	-	19,239	19,239
Insurance	24,938	-	24,938
Medicare	3,416	-	3,416
Office equipment	3,280	-	3,280
Office lease	30,068	2,733	32,801
Office supplies	3,399	-	3,399
Program evaluation	2,627	643	3,270
Program materials	2,920	-	2,920
Salaries	236,741	-	236,741
Social security	14,604	-	14,604
Telephone equipment	4,424	-	4,424
Telephone line charges	3,728	-	3,728
Travel	13,044	1,312	14,356
Unemployment	2,325	264	2,589
Workers' compensation	5,883	533	6,416
Wyoming retirement	32,681	-	32,681
Total cash disbursements	<u>398,822</u>	<u>25,496</u>	<u>424,318</u>
Increase (decrease) in cash	(19,375)	12,788	(6,587)
Cash balance held by general fund, beginning	<u>14,532</u>	<u>134,987</u>	<u>149,519</u>
Cash balance held by general fund, ending	<u>\$ (4,843)</u>	<u>\$ 147,775</u>	<u>\$ 142,932</u>

NATRONA COUNTY, WYOMING

**COMBINING STATEMENT OF NET POSITION
NATRONA COUNTY PUBLIC LIBRARY**

June 30, 2013

	Natrona County Public Library	Natrona County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 638,235	\$ 127,208	\$ 765,443
Investments	95,491	-	95,491
Beneficial interest in assets held by others	-	245,039	245,039
Property and equipment	1,854,116	1,500,000	3,354,116
Restricted investments	-	1,972,798	1,972,798
Total assets	<u>2,587,842</u>	<u>3,845,045</u>	<u>6,432,887</u>
LIABILITIES			
Accounts payable and accrued liabilities	224,301	25	224,326
Noncurrent liabilities			
Due within one year	17,476	-	17,476
Due in more than one year	92,326	-	92,326
Total liabilities	<u>334,103</u>	<u>25</u>	<u>334,128</u>
NET POSITION			
Invested in capital assets	1,854,116	1,500,000	3,354,116
Restricted for permanent endowments by donors	-	1,972,798	1,972,798
Unrestricted	399,623	372,222	771,845
Total net assets	<u>\$ 2,253,739</u>	<u>\$ 3,845,020</u>	<u>\$ 6,098,759</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 NATRONA COUNTY PUBLIC LIBRARY
 Year Ended June 30, 2013

		Program Revenues	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units			
Natrona County Public Library	\$ 2,633,328	\$ 46,629	\$ 2,628,195
Natrona County Public Library Foundation	128,293	-	-
	\$ 2,761,621	\$ 46,629	\$ 2,628,195
		General revenues	
		Miscellaneous revenues	
		Contributions to permanent endowment	
		Unrestricted investment earnings	
		Total general revenues	
		Change in net position	
	Net position - beginning of year		
	Net position - end of year		

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Natrona County Public Library</u>	<u>Natrona County Public Library Foundation</u>	<u>Totals</u>
\$ 50,295	\$ -	\$ 50,295
<u>-</u>	<u>(128,293)</u>	<u>(128,293)</u>
<u>50,295</u>	<u>(128,293)</u>	<u>(77,998)</u>
1,172	19,308	20,480
-	90,665	90,665
<u>(1,272)</u>	<u>272,630</u>	<u>271,358</u>
<u>(100)</u>	<u>382,603</u>	<u>382,503</u>
50,195	254,310	304,505
<u>2,203,544</u>	<u>3,590,710</u>	<u>5,794,254</u>
<u>\$ 2,253,739</u>	<u>\$ 3,845,020</u>	<u>\$ 6,098,759</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION

NATRONA COUNTY FAIR

June 30, 2013

	Natrona County Fair	Central Wyoming Sports Foundation Executrust	Total
ASSETS			
Cash and cash equivalents	\$ 223,082	\$ 29,196	\$ 252,278
Accrued interest receivable	192	447	639
Accounts receivable	-	-	-
Property and equipment	3,701,666	-	3,701,666
Restricted investments	348,454	479,455	827,909
Total assets	4,273,394	509,098	4,782,492
LIABILITIES			
Accounts payable and accrued liabilities	6,439	-	6,439
Noncurrent liabilities			
Due in more than one year	42,409	-	42,409
Total liabilities	48,848	-	48,848
NET POSITION			
Invested in capital assets	3,701,666	-	3,701,666
Restricted by donors for arena	348,454	479,455	827,909
Unrestricted	174,426	29,643	204,069
Total net position	\$ 4,224,546	\$ 509,098	\$ 4,733,644

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 NATRONA COUNTY FAIR
 Year Ended June 30, 2013

		Program Revenues	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units			
Natrona County Fair	\$ 1,621,701	\$ 786,991	\$ 566,100
Central Wyoming Sports Foundation Executrust	5,604	-	-
	\$ 1,627,305	\$ 786,991	\$ 566,100
		General revenues	
		Unrestricted investment earnings	
		Total general revenues	
		Change in net position	
		Net position - beginning of year	
		Net position - end of year	

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Natrona County Fair</u>	<u>Central Wyoming Sports Foundation Executrust</u>	<u>Totals</u>
\$ (213,467)	\$ -	\$ (213,467)
-	(5,604)	(5,604)
<u>(213,467)</u>	<u>(5,604)</u>	<u>(219,071)</u>
1,640	6,155	7,795
<u>1,640</u>	<u>6,155</u>	<u>7,795</u>
(211,827)	551	(211,276)
<u>4,436,373</u>	<u>508,547</u>	<u>4,944,920</u>
<u>\$ 4,224,546</u>	<u>\$ 509,098</u>	<u>\$ 4,733,644</u>

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NATRONA COUNTY WEED AND PEST CONTROL
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 913,299	\$ 913,299	\$ 1,485,348	\$ 572,049
Intergovernmental	14,830	14,830	14,178	(652)
Charges for services	222,000	222,000	263,492	41,492
Investment income	4,000	4,000	2,639	(1,361)
Miscellaneous	4,000	4,000	1,510	(2,490)
Total revenues	<u>1,158,129</u>	<u>1,158,129</u>	<u>1,767,167</u>	<u>609,038</u>
Expenditures				
Conservation of natural resources	2,002,649	2,002,649	1,406,649	596,000
Capital outlay	169,500	274,500	218,781	55,719
Total expenditures	<u>2,172,149</u>	<u>2,277,149</u>	<u>1,625,430</u>	<u>651,719</u>
Net change in fund balance	<u>\$ (1,014,020)</u>	<u>\$ (1,119,020)</u>	141,737	<u>\$ 1,260,757</u>
Fund balance - beginning of year			<u>974,152</u>	
Fund balance - end of year			<u>\$ 1,115,889</u>	

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NATRONA COUNTY FAIR
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 612,100	\$ 612,100	\$ 621,243	\$ 9,143
Charges for services	749,000	749,000	786,991	37,991
Investment income	2,000	2,000	639	(1,361)
Total revenues	<u>1,363,100</u>	<u>1,363,100</u>	<u>1,408,873</u>	<u>45,773</u>
Expenditures				
Recreation	1,317,100	1,372,100	1,363,721	8,379
Capital outlay	46,000	46,000	46,252	(252)
Total expenditures	<u>1,363,100</u>	<u>1,418,100</u>	<u>1,409,973</u>	<u>8,127</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (55,000)</u>	(1,100)	<u>\$ 53,900</u>
Fund balance - beginning of year			<u>594,766</u>	
Fund balance - end of year			<u>\$ 593,666</u>	

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NATRONA COUNTY PUBLIC LIBRARY
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,597,515	\$ 2,652,195	\$ 2,628,195	\$ (24,000)
Charges for services	42,000	42,000	46,629	4,629
Investment income	5,000	5,000	484	(4,516)
Miscellaneous revenue	11,561	11,561	1,172	(10,389)
Total revenues	<u>2,656,076</u>	<u>2,710,756</u>	<u>2,676,480</u>	<u>(34,276)</u>
Expenditures				
Recreation	2,698,406	2,719,086	2,618,573	100,513
Capital outlay	16,000	47,000	53,007	(6,007)
Total expenditures	<u>2,714,406</u>	<u>2,766,086</u>	<u>2,671,580</u>	<u>94,506</u>
Net change in fund balance	<u>\$ (58,330)</u>	<u>\$ (55,330)</u>	4,900	<u>\$ 60,230</u>
Fund balance - beginning of year			<u>527,673</u>	
Fund balance - end of year			<u>\$ 532,573</u>	

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CITY OF CASPER/NATRONA COUNTY HEALTH DEPARTMENT
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,092,554	\$ 2,092,554	\$ 2,073,087	\$ (19,467)
Charges for services	731,947	731,947	693,048	(38,899)
Investment income	2,000	2,000	2,886	886
Miscellaneous	1,200	1,200	10,618	9,418
Total revenues	<u>2,827,701</u>	<u>2,827,701</u>	<u>2,779,639</u>	<u>(48,062)</u>
Expenditures				
Health and welfare	3,298,416	3,298,416	3,076,256	222,160
Capital outlay	76,800	76,800	46,235	30,565
Total expenditures	<u>3,375,216</u>	<u>3,375,216</u>	<u>3,122,491</u>	<u>252,725</u>
Net change in fund balance	<u>\$ (547,515)</u>	<u>\$ (547,515)</u>	(342,852)	<u>\$ 204,663</u>
Fund balance - beginning of year			<u>1,976,667</u>	
Fund balance - end of year			<u>\$ 1,633,815</u>	

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 COMMUNITY ACTION PARTNERSHIP
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,880,619	\$ 1,870,222	\$ 1,749,385	\$ (120,837)
Investment income	-	-	31	31
Miscellaneous revenue	205,801	205,801	182,059	(23,742)
Total revenues	<u>2,086,420</u>	<u>2,076,023</u>	<u>1,931,475</u>	<u>(144,548)</u>
Expenditures				
Health and welfare	2,091,195	2,080,798	1,965,120	115,678
Capital outlay	3,000	3,000	609	2,391
Total expenditures	<u>2,094,195</u>	<u>2,083,798</u>	<u>1,965,729</u>	<u>118,069</u>
Net change in fund balance	<u>\$ (7,775)</u>	<u>\$ (7,775)</u>	(34,254)	<u>\$ (26,479)</u>
Fund balance - beginning of year			<u>112,841</u>	
Fund balance - end of year			<u>\$ 78,587</u>	

SINGLE AUDIT SECTION

NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Wyoming Department of Health Emergency Shelter Grants Program	14.231	13.ESG-05-NTRCAP	\$ 34,871
Passed through City of Casper Housing Authority Supportive Housing Program	14.235	WY0002B8T001003	34,292
Supportive Housing Program	14.235	WY0002B8T001104	76,399
			<u>110,691</u>
Passed through Wyoming Business Council ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP)	14.257	n/a	250
Total U.S. Department of Housing and Urban Development			<u>145,812</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Department of Family Services Juvenile Accountability Block Grants	16.523	n/a	25,371
Passed through Wyoming Division of Victim Services Violence Against Women Act	16.588	13-DOT-NAT-HM-HMP13	2,011
Direct			
Bulletproof Vest Partnership Program	16.607	n/a	5,675
Equitable Sharing	16.922	n/a	1,116
Total U.S. Department of Justice			<u>34,173</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	n/a	582
Total U.S. Department of Transportation			<u>582</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	n/a	5,680
Passed through Wyoming Department of Health Public Health Emergency Preparedness	93.069	n/a	251,062
Passed through the University of Colorado at Denver AIDS Education and Training Centers	93.145	FY11.163.013	155,857
Consolidated Health Centers - Health Care for the Homeless	93.224	H80CS02330-10-00	413,759
			<u>(Continued)</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards
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NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2013

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>			
<i>Temporary Assistance for Needy Families Cluster</i>			
Passed through Wyoming Department of Health			
Temporary Assistance for Needy Families	93.558	n/a	\$ 153,173
Passed through Wyoming Department of Family Services			
Temporary Assistance for Needy Families	93.558	n/a	78,864
<i>Total Temporary Assistance for Needy Families Cluster</i>			232,037
<i>Community Services Block Grant Cluster</i>			
Passed through Wyoming Department of Health			
Community Services Block Grant	93.569	CSBG.NTR1209	93,365
Community Services Block Grant	93.569	CSBG.NTR1309	341,533
Community Services Block Grant	93.569	CSBGSANTR1207	19,000
<i>Total Community Services Block Grant Cluster</i>			453,898
Passed through Wyoming Department of Health			
HIV Prevention Activities - Health Department Based	93.940	n/a	938
National Bioterrorism Hospital Preparedness Program	93.889	n/a	5,000
Total U.S. Department of Health and Human Services			1,518,231
<u>Corporation for National and Community Service</u>			
Direct			
Volunteers in Service to America	94.013	n/a	483
Total Corporation for National and Community Service			483
<u>Executive Office of the President</u>			
Passed through Wyoming Division of Criminal Investigation			
High Intensity Drug Trafficking Areas Program	95.001	G12RM0012A	37,785
High Intensity Drug Trafficking Areas Program	95.001	G13RM0012A	38,821
Total Executive Office of the President			76,606
<u>U.S. Department of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Emergency Management Performance Grants	97.042	12-GPD-NAT-EM-GCF12	30,000
			30,000
Passed through Wyoming Office of Homeland Security			
Interoperable Emergency Communications	97.055	10-GDP-NAT-IE-CGP10	15,235
			15,235
			(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards

NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2013

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Homeland Security (Continues)</u>			
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	09-GPD-NAT-CC-HCC9	\$ 661
Homeland Security Grant Program	97.067	10-GPD-NAT-CC-HCC10	6,220
Homeland Security Grant Program	97.067	10-GPD-NAT-SC-HSG10	119,780
Homeland Security Grant Program	97.067	11-GPD-NAT-SC-HSG11	146,151
Homeland Security Grant Program	97.067	10-GPD-NAT-LS-HLE10	23,839
Homeland Security Grant Program	97.067	11-GPD-NAT-LS-HLE11	27,434
Homeland Security Grant Program	97.067	12-GPD-NAT-LS-HLE12	1,399
Homeland Security Grant Program	97.067	10-GPD-NAT-LC-HLE10	6,433
Homeland Security Grant Program	97.067	11-GPD-NAT-LC-HLE11	1,725
			<u>333,642</u>
Total U.S. Department of Homeland Security			<u>378,877</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,154,764</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

NATRONA COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2013

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Natrona County, Wyoming and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule does not include expenditures of federal awards by the Natrona County Airport, a component unit for which separate financial statements and schedule of expenditures of federal awards were issued in accordance with paragraph .500(a) of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*.

Note 2. CFDA No. 15.226 Payments in Lieu of Taxes (PILT)

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under OMB Circular No. A-87. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there are no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2013, the County recognized \$3,342,853 of PILT entitlement as income.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

Federal Grantor Program Title	Federal CFDA Number	Amount provided to Subrecipients
Emergency Shelter Grants Program	14.231	\$ 29,354
Juvenile Accountability Incentive Block Grants	16.523	28,314
Temporary Assistance for Needy Families	93.558	32,097
Community Services Block Grant	93.569	<u>44,352</u>
Total Expenditures of Federal Awards		<u><u>\$ 134,117</u></u>



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Natrona County, Wyoming
Casper, Wyoming

We have audited 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. the financial statements of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Natrona County, Wyoming's basic financial statements and have issued our report thereon dated December 18, 2013. Our report includes a reference to other auditors, who audited the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, Wyoming, as described in our report on Natrona County, Wyoming's basic financial statements. This report does not include the results of the other auditor's testing of internal controls 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 of the financial statements, we considered Natrona County, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Natrona County, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of Natrona County, Wyoming's internal control.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

To the Board of Commissioners
Natrona County, Wyoming
Page 2

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 a 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 item YB-2013-001 and YB-2013-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Natrona County, Wyoming'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*.

We noted certain matters we have reported to management of Natrona County, Wyoming in a separate letter dated December 18, 2013.

Natrona County, Wyoming's Response to Findings

Natrona County, Wyoming's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Natrona County, Wyoming's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 18, 2013



PORTER, MUIRHEAD, CORNIA & HOWARD

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Natrona County, Wyoming
Casper, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Natrona County, Wyoming's compliance 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, 2013. Natrona County, Wyoming's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Natrona County, Wyoming's basic financial statements include the operations of the Natrona County International Airport, a discretely presented component unit, which received \$1,059,947 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2013. Our audit, described below, did not include the operations of the Natrona County International Airport because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Natrona County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Natrona County, Wyoming'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Natrona County, Wyoming's compliance.

Opinion on Each Major Federal Program

In our opinion, Natrona 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, 2013.

Report on Internal Control over Compliance

Management of Natrona County, Wyoming 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 Natrona County, Wyoming's internal control over compliance with requirements that could have a direct and material effect on a major Federal program 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 Natrona County, Wyoming's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 18, 2013

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	No

Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>	
93.069	Public Health Emergency Preparedness	<u>\$ 251,062</u>	No findings
93.224	Consolidated Health Centers - Health Care for the Homeless	<u>413,759</u>	No findings
93.569	Community Services Block Grant	<u>453,898</u>	No findings
		<u><u>\$ 1,118,719</u></u>	

(Continued)

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

JUNE 30, 2013

I. Summary of Independent Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	No

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

Material Weakness in Internal Control over Financial Reporting

YB-2013-001 Internal Control over Financial Reporting

Criteria

The Auditing Standards Board (ASB) has issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles [GAAP] and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. Statement on Auditing Standards (SAS) No. 115 emphasizes the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

In our judgment, the County's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP and to detect and correct a material misstatement, if present.

Recommendation

In our judgment, management and those charge with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. While accounting personnel, management, and those charged with governance have the skills to understand non-GAAP financial reports, we recommend accounting personnel attend training to improve their understanding of GAAP basis financial reporting specifically geared toward governmental organizations. Management may also mitigate this weakness by hiring an individual with governmental GAAP basis training and experience, or utilize the services of another accounting firm to assist in compiling the external financial statements.

Response

The County understands the guidelines established under SAS No. 115, and has hired a CPA to help alleviate this weakness. The CPA has geared her continuing education toward GAAP-based financial statements as well as fund accounting in general.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

JUNE 30, 2013

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards* (Continued)

Material Weakness in Internal Control over Financial Reporting

YB-2013-002 Internal Control over Fund Accounting

Criteria

Per the National Council on Governmental Accounting (NCGA) Statement 1, a fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations. The focus of governmental fund financial statements is on major funds; fund statements should present the financial information of each major fund in a separate column.

Condition

The County's current accounting software package requires separate companies be set up to create self-balancing accounts. To overcome the necessity of creating separate companies, the County created identifiers within the account structure to designate specific funds. However, when a separate company is not created, the changes within all the accounts are automatically closed to the general fund equity account. In our judgment, when faced with a single general ledger, the County's accounting personnel lack the skills to identify out of balance based solely on the account structure. In addition, time has not been allocated to prepare and post the entries necessary to reclass the activity closed to the general fund to the other funds. This leads to many funds being out of balance.

Recommendation

Management should consider the acquisition of fund accounting software to alleviate the issues associated with closing all activity to the general fund. Fund accounting software will allow funds to be clearly distinguished and allow accounting personnel to determine funds are in balance. Management may also mitigate this weakness by utilizing the services of another accounting firm to assist in developing and posting entries to balance each individual fund as part of compiling the external financial statements.

Response

The County has hired a CPA to help alleviate this weakness. The CPA has geared her continuing education toward GAAP-based financial statements as well as fund accounting in general. In addition, the County is currently meeting with software representatives to consider upgrading their current software package to incorporate a fund accounting module.

NATRONA COUNTY, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2013**

III. Findings and Questioned Costs for Federal Awards

Internal Control Findings

None.

Compliance Findings

None.

NATRONA COUNTY, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

Significant Deficiencies in Internal Control Over Compliance and Compliance Findings

FA-2011-2 Davis-Bacon Act

Program: ARRA – State Fiscal Stabilization Fund – Government Services, CFDA No. 84.397 (*State Fiscal Stabilization Fund Cluster*)

Condition

A subcontractor on the juvenile detention center project improperly classified three workers as welders rather than ironworkers. These workers, in addition to one cement mason, were not paid prevailing wage rates by the subcontractor for the duration of their work on the project, resulting in underpayment of wages. Prior to correcting the underpayment, the subcontractor went out of business. Workers were underpaid wages in the amount of \$30,198.

Status

No other instances have occurred. However, the outcome has not yet been determined by the parties.

FA-2012-1 Significant Deficiency in Internal Control Over Compliance

Program: All CFDA Numbers

Condition

The City of Casper/Natrona County Health Department, Community Action Partnership of Natrona County and the Natrona County Sheriff's Office regularly receive Federal awards. These County entities/departments have procedures in place to identify and track these awards. However, occasionally the County will receive Federal awards that do not go through one of these entities/departments. When this occurs, there is not a process in place to ensure the proper identification and reporting of the award.

Status

The condition has been corrected.