

NATRONA COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2012

This page is intentionally left blank

CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information) - Unaudited	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Internal Service Fund Financial Statements	
Statement of Net Assets	23
Statement of Revenues, Expenses, and Changes in Net Assets	24
Statement of Cash Flows	25
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	26
Statement of Changes in Fiduciary Net Assets	28
Combining Statements of Discretely Presented Component Units	
Combining Statement of Net Assets	29
Combining Statement of Activities	31
Notes to Financial Statements	33
Required Supplementary Information	
Infrastructure Assets Reported using the Modified Approach	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Fund	67
Note to Required Supplementary Information	68
Other Supplementary Information	
Combining Statement of Net Assets - Natrona County Public Library	70
Combining Statement of Activities - Natrona County Public Library	71
Combining Statement of Net Assets - Natrona County Fair	73
Combining Statement of Activities - Natrona County Fair	74

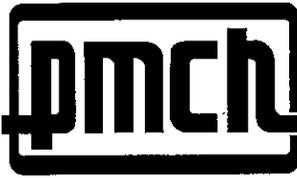
CONTENTS (CONTINUED)

Other Supplementary Information (Continued)

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	
Natrona County Weed and Pest Control	76
Natrona County Fair	77
Natrona County Public Library	78
City of Casper/Natrona County Health Department	79
Community Action Partnership	80

Single Audit Section

Schedule of Expenditures of Federal Awards	82
Notes to the Schedule of Expenditures of Federal Awards	85
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 <i>Government Auditing Standards</i>	87
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	89
Schedule of Findings and Questioned Costs	91
Summary Schedule of Prior Audit Findings	95



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2750 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Natrona County, Wyoming

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, 2012, which collectively comprise Natrona County, Wyoming's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Natrona County, Wyoming's management. 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%, 68%, and 37%, respectively, of the assets, net assets, 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 examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming, as of June 30, 2012, 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.

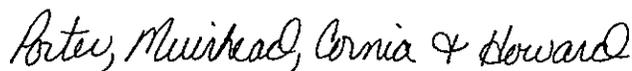
In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2013 on our consideration of Natrona County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, infrastructure assets reported using the modified approach, and budgetary comparison information

on pages 3 through 14, pages 63 through 66, and pages 67 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the management 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 reported using the modified approach and the budgetary comparison information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This 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 financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 on pages 70 through 80 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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. This 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 financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying basic financial statements, required supplementary information, other supplementary information, and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities, management and the Board of County Commissioners and should not be used or relied upon by any other party for any purpose. Additional users of these basic financial statements, required supplementary information, other supplementary information, and our independent auditor's report are hereby advised that the liability of Porter, Muirhead, Cornia & Howard to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

January 22, 2013

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(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, 2012. 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, 2012.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$211,023,955.
- Of this amount, the unrestricted net assets available to meet the government's ongoing obligations to citizens and creditors is a balance of \$21,644,086.
- The government's total net assets increased by \$4,605,540.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$28,954,955, an increase of \$809,627 in comparison with the prior year. Approximately 78% of this total amount, \$22,700,518, 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 \$5,158,405, or 12% 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 assets and statement of activities. The purpose of the statement of net assets 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 assets 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 assets, this amount does indicate the financial position of the County.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(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 assets, 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 two broad categories, governmental funds and fiduciary funds.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(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 assets reported in the statement of net assets. 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 assets 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 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, 2012

(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 68.

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 69 through 80.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far the largest portion of the County's net assets (87%) reflects its investment in capital assets. The vast majority of these capital assets are the \$55 million in buildings, \$26 million investment in infrastructure assets, and \$92 million in hospital assets leased to the Wyoming Medical Center. These assets are not available for future spending. The County has \$9,081,275 in outstanding certificates of participation with financial institutions and \$7,609 in outstanding capital lease obligations relating to its capital assets. An additional \$6,171,847 of the County's net assets (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 assets for the current year and in the prior year. The County has a balance of \$21,644,086 in unrestricted net assets in the current year. The unrestricted balance is available to meet the County's ongoing obligations.

The government's net assets increased \$4,605,540 during the current fiscal year. This directly impacted current assets and capital assets.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

The County's net assets as of June 30, 2012 and 2011 were as follows:

	Primary Government		
	2012	2011	Variance
ASSETS			
Current assets	\$ 29,475,998	\$ 26,831,452	\$ 2,644,546
Capital assets, net of accumulated depreciation	192,296,906	189,106,619	3,190,287
Other assets	1,179,401	3,203,366	(2,023,965)
Total assets	222,952,305	219,141,437	3,810,868
LIABILITIES			
Current liabilities	2,277,364	2,578,633	(301,269)
Due in more than one year	9,650,986	10,144,389	(493,403)
Total liabilities	11,928,350	12,723,022	(794,672)
NET ASSETS			
Invested in capital assets, net of related debt	183,208,022	179,402,439	3,805,583
Restricted	6,171,847	8,934,742	(2,762,895)
Unrestricted	21,644,086	18,081,234	3,562,852
Total net assets	\$ 211,023,955	\$ 206,418,415	\$ 4,605,540

Governmental Activities

Governmental activities increased the County's net assets by \$4,605,540, approximately \$2 million less than the prior year increase. Key elements of this increase are as follows:

- Increase in tax revenues of \$3.5 million because of a higher valuation and increased sales tax collections.
- Increase in charges for services of \$.6 million primarily due to an increase in prisoner care days at the detention center.
- Increase in operating grants and contributions of \$.6 million due to various federal grants.
- Decrease in capital grants and contributions of \$5.7 million due to \$3.5 million decrease in federal funding with the completion of the Juvenile Detention Center and \$2.3 million decrease in assets purchased and contributed to the Wyoming Medical Center
- Decrease in Hospital depreciation expense of \$2 million.
- Increase in public safety expenses of \$1.5 million due to salary, benefits, and health insurance increases as well as equipment for the Juvenile Detention Center which was below the capitalization limit.
- Increase in general government expenses of \$1 million primarily due to salary, benefits and health insurance increases.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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

	2012		2011	
Revenues				
General				
Taxes	\$ 27,731,340	47.90%	\$ 24,184,259	40.94%
Payments in lieu of taxes	3,318,690	5.73%	3,254,227	5.51%
Investment income	77,039	0.13%	92,548	0.16%
Miscellaneous revenue	1,171,990	2.02%	1,436,737	2.43%
Program revenues				
Charges for services	6,018,436	10.40%	5,444,336	9.22%
Operating grants and contributions	3,704,200	6.40%	3,058,886	5.18%
Capital grants and contributions	15,868,822	27.41%	21,595,108	36.56%
Total revenues	<u>57,890,517</u>	<u>100.00%</u>	<u>59,066,101</u>	<u>100.00%</u>
Expenses				
General government	16,452,453	30.88%	15,485,406	29.51%
Public safety	17,515,060	32.87%	16,017,497	30.52%
Public works	3,223,028	6.05%	2,973,722	5.67%
Health and welfare	1,996,137	3.75%	1,918,313	3.66%
Recreation	3,447,860	6.47%	3,455,584	6.59%
Conservation of natural resources	370,535	0.70%	322,609	0.61%
Hospital	9,870,763	18.52%	11,879,844	22.64%
Interest on long-term debt	409,141	0.77%	421,785	0.80%
Total expenses	<u>53,284,977</u>	<u>100.00%</u>	<u>52,474,760</u>	<u>100.00%</u>
Total changes in net assets	4,605,540		6,591,341	
Beginning net assets	206,418,415		199,827,074	
Ending net assets	<u>\$ 211,023,955</u>		<u>\$ 206,418,415</u>	

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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 \$28,954,955, an increase of \$809,627 in comparison with the prior year. Of that, \$6,254,437 is subject to external restrictions or is not available for spending: (1) \$82,590 held in reserve for inventory, (2) \$5,071,911 for the County Road Construction Fund, (3) \$156,337 for the Drug Court Fund, and (4) \$943,599 for detention center construction. 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 \$23,726,707. Of that, \$10,055,114 has been committed by resolution of the Board of County Commissioners: (1) \$2,561,550 for emergency reserves, (2) \$2,314,254 for perpetual care of one cent projects, (3) \$53,767 for the Natrona County Detention Center Joint Powers Board, (4) \$145,637 for the Hall of Justice Joint Powers Board and (4) \$4,979,906 for the transportation department road funds. \$7,486,999 has been assigned by designation of the Board of County Commissioners: (1) \$501,637 for the Elkhorn Valley Rehabilitation Hospital and (2) \$6,985,362 for planned capital projects. The remaining \$5,158,405 is unassigned and reported in the General Fund.

The fund balance of the County's general fund increased \$1,566,696 during the current fiscal year. Key factors in this increase are as follows:

- Increase in tax revenues of \$3.5 million because of a higher valuation and increased sales tax collections.
- Decrease in intergovernmental revenues of \$2.9 million because of the completion of the Juvenile Detention Center and subsequently less related grant revenue.
- Increase in charges for services of \$.5 million primarily due to an increase in prisoner care days at the detention center.
- Decrease in miscellaneous revenues of \$266,000 due to asset forfeiture funds received in the prior year, but not the current year.
- Increase in general government expenditures of \$1.5 million primarily due to salary, benefits and health insurance increases.
- Increase in public safety expenditures of \$1.3 million due to salary, benefits, and health insurance increases as well as equipment for the Juvenile Detention Center which was below the capitalization limit.
- Decreases in capital outlay expenditures of \$2.5 million due to the completion of the Juvenile Detention Center, as well as planned decreases due to revenue uncertainties.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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 \$5,071,911. The fund balance of the County's road construction fund decreased \$769,737 during the current fiscal year due to expenditures outpacing revenues.

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

	2012		2011	
Revenues				
Taxes	\$ 27,772,321	61.67%	\$ 24,169,902	55.20%
Licenses and permits	2,142,523	4.76%	2,103,100	4.80%
Intergovernmental revenues	9,997,178	22.20%	12,639,782	28.87%
Charges for services	3,875,913	8.61%	3,341,236	7.63%
Investment income	77,028	0.17%	92,543	0.21%
Miscellaneous revenues	1,171,990	2.60%	1,436,737	3.28%
Total revenues	<u>\$ 45,036,953</u>	<u>100.00%</u>	<u>\$ 43,783,300</u>	<u>100.00%</u>

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

	2012		2011	
Expenditures				
Current				
General government	\$ 11,404,478	25.79%	\$ 9,902,738	23.65%
Public safety	16,135,698	36.48%	14,835,987	35.43%
Public works	2,594,893	5.87%	2,257,251	5.39%
Health and welfare	1,971,137	4.46%	1,893,313	4.52%
Recreation	3,447,860	7.80%	3,454,998	8.25%
Conservation of natural resources	320,527	0.72%	270,023	0.64%
Debt service				
Principal	625,199	1.41%	579,749	1.38%
Interest	399,239	0.90%	422,463	1.01%
Capital outlay	7,328,295	16.57%	8,256,972	19.72%
Total expenditures	<u>\$ 44,227,326</u>	<u>100.00%</u>	<u>\$ 41,873,494</u>	<u>100.00%</u>

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$3.9 million summarized as follows:

Agriculture	\$	105
Clerk of Court		24,955
Commissioners		3,451,298
Information technology		(7,500)
Road and bridge		143,683
Sheriff		288,848
		<hr/>
	\$	<u>3,901,389</u>

The increase was possible because of additional anticipated and unanticipated revenues. This included an increase of \$2.6 million of state funds specifically for the Juvenile Detention Center.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2012 amounted to \$192,296,906 (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 2 percent.

Balance of page is left blank intentionally

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

The schedule below shows the changes in capital assets during the year:

	2012	2011	Variance
Capital assets, not being depreciated			
Land	\$ 16,115,186	\$ 16,115,186	\$ -
Infrastructure	25,957,969	25,957,969	-
Construction in progress	-	7,159,051	(7,159,051)
Total capital assets not being depreciated	42,073,155	49,232,206	(7,159,051)
Capital assets being depreciated			
Buildings	145,921,201	135,878,123	10,043,078
Machinery and equipment	18,245,650	17,733,647	512,003
Hospital assets*	257,895,855	245,001,320	12,894,535
Total capital assets being depreciated	422,062,706	398,613,090	23,449,616
Less accumulated depreciation for			
Buildings	90,635,775	89,003,347	1,632,428
Machinery and equipment	15,029,937	13,432,850	1,597,087
Hospital assets*	166,173,243	156,302,480	9,870,763
Total accumulated depreciation	271,838,955	258,738,677	13,100,278
Total capital assets being depreciated, net	150,223,751	139,874,413	10,349,338
Capital assets, net	\$ 192,296,906	\$ 189,106,619	\$ 3,190,287

* 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.

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.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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:

2012 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	10.2%	4	1.4%	-	0%
80 - 84	32	21.9%	2	0.7%	-	0%
70 - 79	50	34.3%	25	8.9%	-	0%
Sub-standard						
60 - 69	39	26.7%	25	8.9%	-	0%
40 - 59	10	6.9%	42	15.0%	-	0%
10 - 39	-	0.0%	182	65.0%	-	0%
Unimproved	-	0.0%	-	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, 2012 on infrastructure for maintenance and preservation were \$4.3 million, compared to budgeted amounts of \$4.4 million.

Additional information on the County's capital assets can be found in Note 4 on pages 45-50 of this report.

Debt Administration

The County's total debt decreased by \$569,193 (5 percent) during the current fiscal year. The decrease reflects payments of principal on capital leases and certificates of participation of \$90,199 and \$525,098, respectively. In addition, vacation and sick leave increased \$45,103 net. Additional information on the County's long term debt can be found in Note 5 on pages 51-54 of this report.

Economic Factors and Next Year's Budget

The local economy, increases in property tax revenues, securing supplemental state funding, and the decrease in PILT funding were the main issues affecting the development of the fiscal year 2013 budget. The State and local economy have been gradually rising, 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, 2012

(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 2013 budgeted General Fund revenues were expected to be approximately \$ million less than fiscal year 2012 mainly as the result of no PILT payment for the Federal Government in 2013 after having received \$3.2 million in fiscal year 2012. Property taxes are expected to increase approximately \$1 million and over the cap severance is expected to decrease approximately \$.5 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.

Balance of page is left blank intentionally

BASIC FINANCIAL STATEMENTS

This page is intentionally left blank

NATRONA COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government		Component
	Governmental Activities	Total	Units Total
ASSETS			
Cash and cash equivalents	\$ 19,972,713	\$ 19,972,713	\$ 4,119,417
Investments	4,861,542	4,861,542	2,769,849
Beneficial interest in assets held by others	-	-	225,673
Taxes receivable	156,383	156,383	-
Accounts receivable	278,530	278,530	372,981
Accrued interest receivable	-	-	353
Prepaid expenses	-	-	6,093
Due from other governments	4,124,240	4,124,240	380,634
Due from primary government	-	-	38,593
Inventory	82,590	82,590	124,498
Prepaid costs of issuance	235,802	235,802	-
Capital assets not being depreciated	42,073,155	42,073,155	6,333,746
Capital assets being depreciated, net	150,223,751	150,223,751	30,014,958
Restricted cash and cash equivalents	3,093	3,093	90,574
Restricted investments	940,506	940,506	2,368,803
Total assets	<u>222,952,305</u>	<u>222,952,305</u>	<u>46,846,172</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,068,503	1,068,503	331,109
Deferred revenue	-	-	966
Unearned revenue	153,988	153,988	129,154
Due to component units	38,593	38,593	-
Medical claims payable	407,500	407,500	-
Noncurrent liabilities			
Due within one year	608,780	608,780	367,929
Due in more than one year	9,650,986	9,650,986	1,994,174
Total liabilities	<u>11,928,350</u>	<u>11,928,350</u>	<u>2,823,332</u>
NET ASSETS			
Invested in capital assets, net of related debt	183,208,022	183,208,022	34,594,176
Restricted, expendable			
Restricted by the State of Wyoming			
for road construction	5,071,911	5,071,911	-
Restricted by statute and grantors			
for Drug Court	156,337	156,337	-
Restricted from Passenger Facility Charges	-	-	112,093
Restricted for construction of criminal justice facilities	943,599	943,599	-
Restricted, nonexpendable			
Restricted by donors	-	-	2,368,803
Unrestricted	21,644,086	21,644,086	6,947,768
Total net assets	<u>\$ 211,023,955</u>	<u>\$ 211,023,955</u>	<u>\$ 44,022,840</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 16,452,453	\$ 6,018,436	\$ -	\$ 2,974,287
Public safety	17,515,060	-	-	-
Public works	3,223,028	-	-	-
Health and welfare	1,996,137	-	3,704,200	-
Recreation	3,447,860	-	-	-
Conservation of natural resources	370,535	-	-	-
Hospital	9,870,763	-	-	12,894,535
Interest on long-term debt	409,141	-	-	-
Total governmental activities	<u>53,284,977</u>	<u>6,018,436</u>	<u>3,704,200</u>	<u>15,868,822</u>
Total primary government	<u>\$ 53,284,977</u>	<u>\$ 6,018,436</u>	<u>\$ 3,704,200</u>	<u>\$ 15,868,822</u>
Component units	<u>\$ 16,911,528</u>	<u>\$ 5,619,570</u>	<u>\$ 6,949,679</u>	<u>\$ 2,269,334</u>

General revenues

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

Total general revenues

Change in net assets

Net assets - beginning of year, as previously stated

Prior period adjustment

Net assets - beginning of year, as restated

Net assets - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government		Component Units Totals
Governmental Activities	Total	
\$ (7,459,730)	\$ (7,459,730)	\$ -
(17,515,060)	(17,515,060)	-
(3,223,028)	(3,223,028)	-
1,708,063	1,708,063	-
(3,447,860)	(3,447,860)	-
(370,535)	(370,535)	-
3,023,772	3,023,772	-
(409,141)	(409,141)	-
<u>(27,693,519)</u>	<u>(27,693,519)</u>	<u>-</u>
<u>(27,693,519)</u>	<u>(27,693,519)</u>	<u>-</u>
-	-	(2,072,945)
14,031,601	14,031,601	1,189,817
9,402,842	9,402,842	-
4,296,897	4,296,897	218,704
3,318,690	3,318,690	-
77,039	77,039	24,785
1,171,990	1,171,990	343,497
-	-	186,265
<u>32,299,059</u>	<u>32,299,059</u>	<u>1,963,068</u>
4,605,540	4,605,540	(109,877)
206,418,415	206,418,415	44,118,614
-	-	14,103
<u>206,418,415</u>	<u>206,418,415</u>	<u>44,132,717</u>
<u>\$211,023,955</u>	<u>\$ 211,023,955</u>	<u>\$ 44,022,840</u>

NATRONA COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
ASSETS				
Cash and cash equivalents	\$ 19,789,958	\$ -	\$ -	\$ 19,789,958
Investments	4,859,198	-	-	4,859,198
Taxes receivable	156,383	-	-	156,383
Accounts receivable	278,530	-	-	278,530
Due from other funds	-	5,071,911	156,337	5,228,248
Due from other governments	4,124,240	-	-	4,124,240
Inventory	82,590	-	-	82,590
Restricted cash	3,093	-	-	3,093
Restricted investments	940,506	-	-	940,506
Total assets	\$ 30,234,498	\$ 5,071,911	\$ 156,337	\$ 35,462,746
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,068,503	\$ -	\$ -	\$ 1,068,503
Compensated absences	6,862	-	-	6,862
Deferred revenue	11,597	-	-	11,597
Unearned revenue	153,988	-	-	153,988
Due to other funds	5,228,248	-	-	5,228,248
Due to component units	38,593	-	-	38,593
Total liabilities	6,507,791	-	-	6,507,791
Fund balances				
Nonspendable	82,590	-	-	82,590
Restricted	943,599	5,071,911	156,337	6,171,847
Unrestricted				
Committed	10,055,114	-	-	10,055,114
Assigned	7,486,999	-	-	7,486,999
Unassigned	5,158,405	-	-	5,158,405
Total fund balances	23,726,707	5,071,911	156,337	28,954,955
Total liabilities and fund balances	\$ 30,234,498	\$ 5,071,911	\$ 156,337	\$ 35,462,746

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances - governmental funds	\$ 28,954,955
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.	192,296,906
The internal service fund is used by management to charge the costs of health benefits to individual funds. The assets and liabilities of the internal service fund are included in the statement of net assets.	(222,401)
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 revenue in the governmental funds and are not included in the governmental fund balances.	11,597
Charges for issuance costs are expended in the governmental fund statements, but are deferred and amortized over the life of the debt in the governmental fund balances.	235,802
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	(9,081,275)
Capital lease obligations	(7,609)
Compensated absences recorded in governmental funds	6,862
Compensated absences	<u>(1,170,882)</u>
Net assets of governmental activities	<u><u>\$ 211,023,955</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, 2012**

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
Revenues				
Taxes	\$ 27,772,321	\$ -	\$ -	\$ 27,772,321
Licenses and permits	2,142,523	-	-	2,142,523
Intergovernmental revenues	8,654,255	939,120	403,803	9,997,178
Charges for services	3,875,913	-	-	3,875,913
Investment income	73,910	3,118	-	77,028
Miscellaneous revenues	1,136,709	-	35,281	1,171,990
Total revenues	<u>43,655,631</u>	<u>942,238</u>	<u>439,084</u>	<u>45,036,953</u>
Expenditures				
Current				
General government	11,404,478	-	-	11,404,478
Public safety	15,713,557	-	422,141	16,135,698
Public works	2,594,893	-	-	2,594,893
Health and welfare	1,971,137	-	-	1,971,137
Recreation	3,447,860	-	-	3,447,860
Conservation of natural resources	320,527	-	-	320,527
Debt service				
Principal	625,199	-	-	625,199
Interest	399,239	-	-	399,239
Capital outlay	5,612,045	1,711,975	4,275	7,328,295
Total expenditures	<u>42,088,935</u>	<u>1,711,975</u>	<u>426,416</u>	<u>44,227,326</u>
Excess (deficiency) of revenues over expenditures	<u>1,566,696</u>	<u>(769,737)</u>	<u>12,668</u>	<u>809,627</u>
Fund balances - beginning of year	<u>22,160,011</u>	<u>5,841,648</u>	<u>143,669</u>	<u>28,145,328</u>
Fund balances - end of year	<u>\$ 23,726,707</u>	<u>\$ 5,071,911</u>	<u>\$ 156,337</u>	<u>\$ 28,954,955</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, 2012

Net changes in fund balances - total governmental funds	\$	809,627
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	\$ 3,538,710	
Contributions of capital assets from the Wyoming Medical Center	12,894,535	
Sales of capital assets in the statement of activities includes the effects of past depreciation	(11,214)	
Depreciation expense for the year	<u>(13,231,744)</u>	3,190,287
The internal service fund is 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>114,762</u>	114,762
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	535,000	
Payment of principal on capital leases	<u>90,199</u>	615,297
Amortization of issuance costs	<u>(18,138)</u>	(18,138)
Prior year compensated absences - general fund short-term	(6,662)	
Current year compensated absences - general fund short-term	6,862	
Prior year compensated absences - general fund long-term	1,105,368	
Current year compensated absences - general fund long-term	<u>(1,170,882)</u>	(65,314)
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 revenue	(52,578)	
Current year deferred revenue	<u>11,597</u>	(40,981)
Changes in net assets of governmental activities		<u><u>\$ 4,605,540</u></u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

June 30, 2012

	Employee Benefit Trust Fund
ASSETS	
Cash and cash equivalents	\$ 182,755
Investments	2,344
Total assets	<u>185,099</u>
LIABILITIES	
Medical claims payable	<u>407,500</u>
Total liabilities	<u>407,500</u>
NET ASSETS	
Unrestricted (deficit)	<u>(222,401)</u>
Total net (deficit)	<u>\$ (222,401)</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
Year Ended June 30, 2012

	Employee Benefit Trust Fund
Operating revenues	
Premiums	\$ 3,893,093
Operating expenses	
Medical benefits paid	3,778,342
Operating income	114,751
Non-operating revenues	
Investment earnings	11
Change in net assets	114,762
Net (deficit) - beginning of year	(337,163)
Net (deficit) - end of year	\$ (222,401)

See accompanying notes to the financial statements

This page is intentionally left blank

NATRONA COUNTY, WYOMING

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND

Year Ended June 30, 2012

	Employee Benefit Trust Fund
Cash flows from operating activities	
Cash receipts from premiums charged	\$ 3,893,093
Cash payments to suppliers for goods and services	(3,810,842)
Net cash provided by operating activities	<u>82,251</u>
Cash flows from non-capital financing activities	
Cash paid to other funds	(77,800)
Net cash (used) by non-capital financing activities	<u>(77,800)</u>
Cash flows from investing activities	
Purchase of investment securities	(11)
Interest on investments	11
Net cash provided by investing activities	<u>-</u>
Net increase in cash and cash equivalents	4,451
Cash and cash equivalents - beginning of year	<u>178,304</u>
Cash and cash equivalents - end of year	<u>\$ 182,755</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 114,751
Adjustments to reconcile operating income to net cash (used) by operating activities	
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Medical benefits payable	(32,500)
Net cash provided by operating activities	<u>\$ 82,251</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET ASSETS

ALL FIDUCIARY FUNDS

June 30, 2012

	Agency Funds		
	Property Tax Fund	General Agency Fund	Fire Fighters of Natrona County
ASSETS			
Cash and cash equivalents	\$ -	\$ 15,928,975	\$ 44,796
Investments	-	-	129,831
Taxes receivable	720,443	-	-
Total assets	<u>720,443</u>	<u>15,928,975</u>	<u>174,627</u>
LIABILITIES			
Due to other governments	<u>720,443</u>	<u>15,928,975</u>	<u>174,627</u>
Total liabilities	<u>720,443</u>	<u>15,928,975</u>	<u>174,627</u>
NET ASSETS			
Net assets held in trust for pool participants	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Investment Pool Trust Fund	Total
\$ -	\$ 15,973,771
1,453,483	1,583,314
-	720,443
<u>1,453,483</u>	<u>18,277,528</u>
-	16,824,045
-	16,824,045
<u>1,453,483</u>	<u>1,453,483</u>
<u>\$ 1,453,483</u>	<u>\$ 1,453,483</u>

This page is intentionally left blank

NATRONA COUNTY, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2012

	<u>Investment Pool Trust Fund</u>
Additions	
Contributions from pool participants	\$ 1,112,383
Investment earnings	<u>5,557</u>
Total additions	<u>1,117,940</u>
Deductions	
Distributions to pool participants	<u>1,100,000</u>
Total deductions	<u>1,100,000</u>
Change in net assets	17,940
Net assets - beginning of year	<u>1,435,543</u>
Net assets - end of year	<u><u>\$ 1,453,483</u></u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

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

	Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair
ASSETS			
Cash and cash equivalents	\$ 933,122	\$ 648,768	\$ 357,854
Investments	187,113	97,248	-
Beneficial interest in assets held by others	-	225,673	-
Accounts receivable	35,550	22,250	1,070
Accrued interest receivable	-	-	353
Prepaid expenses	-	6,093	-
Due from other governments	-	-	-
Due from primary government	26,007	-	-
Inventory	91,062	-	-
Capital assets not being depreciated	-	2,119,680	-
Capital assets being depreciated, net	190,956	1,157,763	3,921,559
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	1,631,288	737,515
	1,463,810	5,908,763	5,018,351
LIABILITIES			
Accounts payable and accrued liabilities	124,269	11,510	38,203
Deferred revenue	966	-	-
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	3,444	-
Due in more than one year	30,001	99,555	35,228
	155,236	114,509	73,431
NET ASSETS			
Invested in capital assets, net of related debt Restricted, expendable	190,956	3,277,443	3,921,559
Restricted for passenger facility charges	-	-	-
Restricted, nonexpendable			
Restricted by donors	-	1,631,288	737,515
Unrestricted	1,117,618	885,523	285,846
	\$ 1,308,574	\$ 5,794,254	\$ 4,944,920

See accompanying notes to the financial statements

City of Casper/ Natrona County Health Department	Community Action Partnership	Natrona County Airport	Total
\$ 1,090,026	\$ 122,168	\$ 967,479	\$ 4,119,417
498,764	-	1,986,724	2,769,849
-	-	-	225,673
53,574	-	260,537	372,981
-	-	-	353
-	-	-	6,093
85,705	76,127	218,802	380,634
-	12,586	-	38,593
1,798	-	31,638	124,498
-	-	4,214,066	6,333,746
62,826	119,289	24,562,565	30,014,958
-	-	90,574	90,574
-	-	-	2,368,803
<u>1,792,693</u>	<u>330,170</u>	<u>32,332,385</u>	<u>46,846,172</u>
25,980	49,039	82,108	331,109
-	-	-	966
28,771	18,350	82,033	129,154
4,989	6,054	353,442	367,929
<u>107,482</u>	<u>37,747</u>	<u>1,684,161</u>	<u>1,994,174</u>
<u>167,222</u>	<u>111,190</u>	<u>2,201,744</u>	<u>2,823,332</u>
62,826	116,721	27,024,671	34,594,176
-	-	112,093	112,093
-	-	-	2,368,803
<u>1,562,645</u>	<u>102,259</u>	<u>2,993,877</u>	<u>6,947,768</u>
<u>\$ 1,625,471</u>	<u>\$ 218,980</u>	<u>\$ 30,130,641</u>	<u>\$ 44,022,840</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2012

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Natrona County Weed and Pest Control	\$ 1,561,427	\$ 124,702	\$ 4,475	\$ -
Natrona County Public Library	2,642,846	50,087	2,352,615	10,498
Natrona County Fair	1,642,134	766,455	566,100	214,208
City of Casper/Natrona County Health Department	3,069,267	666,281	1,930,316	-
Community Action Partnership	1,860,639	-	1,780,081	-
Natrona County Airport	6,135,215	4,012,045	316,092	2,044,628
	<u>\$ 16,911,528</u>	<u>\$ 5,619,570</u>	<u>\$ 6,949,679</u>	<u>\$ 2,269,334</u>

General revenues

Property taxes

Other taxes

Miscellaneous revenues

Contributions to permanent endowment

Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets - beginning of year, as previously stated

Prior period adjustment

Net assets - beginning of year, restated

Net assets - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

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
\$ (1,432,250)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,432,250)
-	(229,646)	-	-	-	-	(229,646)
-	-	(95,371)	-	-	-	(95,371)
-	-	-	(472,670)	-	-	(472,670)
-	-	-	-	(80,558)	-	(80,558)
-	-	-	-	-	237,550	237,550
<u>(1,432,250)</u>	<u>(229,646)</u>	<u>(95,371)</u>	<u>(472,670)</u>	<u>(80,558)</u>	<u>237,550</u>	<u>(2,072,945)</u>
1,189,817	-	-	-	-	-	1,189,817
218,704	-	-	-	-	-	218,704
2,822	160,103	-	51,521	129,051	-	343,497
-	186,265	-	-	-	-	186,265
2,760	971	11,794	3,281	14	5,965	24,785
<u>1,414,103</u>	<u>347,339</u>	<u>11,794</u>	<u>54,802</u>	<u>129,065</u>	<u>5,965</u>	<u>1,963,068</u>
(18,147)	117,693	(83,577)	(417,868)	48,507	243,515	(109,877)
1,326,721	5,676,561	5,028,497	2,043,339	156,370	29,887,126	44,118,614
-	-	-	-	14,103	-	14,103
<u>1,326,721</u>	<u>5,676,561</u>	<u>5,028,497</u>	<u>2,043,339</u>	<u>170,473</u>	<u>29,887,126</u>	<u>44,132,717</u>
<u>\$ 1,308,574</u>	<u>\$ 5,794,254</u>	<u>\$ 4,944,920</u>	<u>\$ 1,625,471</u>	<u>\$ 218,980</u>	<u>\$ 30,130,641</u>	<u>\$ 44,022,840</u>

This page is intentionally left blank

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 is not legally separate from the County, is financially dependent upon the County, and the governing body is substantially the same as 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 Natrona County Jail Joint Powers Board is not legally separate from the County, is financially dependent upon the County, and the governing body is substantially the same as 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, 2012

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, 2012

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 are 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, 2012

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 reports an internal service fund, which accounts for employee health benefits provided to other departments of the County.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their financial statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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.

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 equal 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, 2012

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.

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.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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 reappropriated 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 \$3,901,389 were approved for the general fund during the year.

The Natrona County Fair had expenditures in excess of appropriations in the amount of \$11,615, which is in violation of state statutes.

Major Taxpayers

The County's 10 largest taxpayers account for over 43% 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 22% of its total revenues from these taxpayers.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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, 2012.

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, 2012, the County's deposits were fully collateralized as required by statutes.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 2. Deposits and Investments (Continued)

Investments

As of June 30, 2012, 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	\$ 2,564,149	n/a	\$ 2,564,149	\$ -	\$ -	\$ -	n/a
FNMA	800,552	1.5%	-	-	800,552	-	n/a
FHLMC	794,944	2.25%	-	-	-	794,944	n/a
FHLMC	701,897	2.25%	-	-	701,897	-	n/a
WGIF	940,506	n/a	940,506	-	-	-	AAAm
Total	\$ 5,802,048		\$ 3,504,655	\$ -	\$ 1,502,449	\$ 794,944	

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

Investments	\$ 4,861,542
Restricted investments	940,506
	<u>\$ 5,802,048</u>

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 2. Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2012, 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	\$ 20,779	4.45%	\$ -	\$ 20,779	\$ -	\$ -	AAA
Mutual funds	1,283,609	n/a	1,283,609	-	-	-	n/a
External							
investment pool	596,012	n/a	596,012	-	-	-	n/a
Municipal bonds	51,038	1.8% to 4.6%	25,063	25,975	-	-	AA2
Corporate bonds	157,047	1.5% to 6.15%	56,617	100,430	-	-	BAA1 - AA3
Certificates of deposit	<u>3,030,167</u>	.5% to 3.15%	<u>2,662,472</u>	<u>342,532</u>	<u>25,163</u>	-	n/a
Total	<u>\$ 5,138,652</u>		<u>\$ 4,623,773</u>	<u>\$ 489,716</u>	<u>\$ 25,163</u>	<u>\$ -</u>	

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

Investments	\$ 2,769,849
Restricted investments	<u>2,368,803</u>
	<u><u>\$ 5,138,652</u></u>

Other mutual funds, corporate bonds, and common stocks are 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. These mutual funds are not rated by Moody's or Standard and Poor's.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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/Aaa 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, 2012

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2012 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 5,266,841
County Road Construction Fund	5,071,911	-
Drug Court Fund	156,337	-
Component Units	<u>38,593</u>	<u>-</u>
	<u>\$ 5,266,841</u>	<u>\$ 5,266,841</u>

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.

Balance of page is left blank intentionally

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets

Primary Government

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 16,115,186	\$ -	\$ -	\$ 16,115,186
Infrastructure	25,957,969	-	-	25,957,969
Construction in progress	7,159,051	2,884,027	(10,043,078)	-
Total capital assets not being depreciated	<u>49,232,206</u>	<u>2,884,027</u>	<u>(10,043,078)</u>	<u>42,073,155</u>
Capital assets being depreciated				
Buildings	135,878,123	10,043,078	-	145,921,201
Machinery and equipment	17,733,647	654,683	(142,680)	18,245,650
Hospital assets*	245,001,320	12,894,535	-	257,895,855
Total capital assets being depreciated	<u>398,613,090</u>	<u>23,592,296</u>	<u>(142,680)</u>	<u>422,062,706</u>
Less accumulated depreciation for				
Buildings	89,003,347	1,632,428	-	90,635,775
Machinery and equipment	13,432,850	1,728,553	(131,466)	15,029,937
Hospital assets*	156,302,480	9,870,763	-	166,173,243
Total accumulated depreciation	<u>258,738,677</u>	<u>13,231,744</u>	<u>(131,466)</u>	<u>271,838,955</u>
Total capital assets, being depreciated, net	<u>139,874,413</u>	<u>10,360,552</u>	<u>(11,214)</u>	<u>150,223,751</u>
Capital assets, net	<u>\$ 189,106,619</u>	<u>\$ 13,244,579</u>	<u>\$ (10,054,292)</u>	<u>\$ 192,296,906</u>

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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	\$ 1,278,476
Public safety	1,379,362
Public works	628,135
Health and welfare	25,000
Conservation of natural resources	50,008
Hospital	9,870,763
Total depreciation expense - governmental activities	<u>\$ 13,231,744</u>

Component Units

Capital asset activity for each component unit for the year ended June 30, 2012 follows.

Capital asset activity for the Natrona County Weed and Pest Control for the year ended June 30, 2012 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 208,179	\$ -	\$ -	\$ 208,179
Machinery and equipment	443,651	47,169	(27,941)	462,879
Total capital assets being depreciated	<u>651,830</u>	<u>47,169</u>	<u>(27,941)</u>	<u>671,058</u>
Less accumulated depreciation for				
Buildings and improvements	119,932	6,431	-	126,363
Machinery and equipment	350,534	31,146	(27,941)	353,739
Total accumulated depreciation	<u>470,466</u>	<u>37,577</u>	<u>(27,941)</u>	<u>480,102</u>
Capital assets, net	<u>\$ 181,364</u>	<u>\$ 9,592</u>	<u>\$ -</u>	<u>\$ 190,956</u>

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Public Library for the year ended June 30, 2012 was as follows:

	As restated 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	534,800	39,800	-	574,600
Total capital assets not being depreciated	<u>2,079,880</u>	<u>39,800</u>	<u>-</u>	<u>2,119,680</u>
Capital assets being depreciated				
Machinery and equipment	613,752	15,445	(14,496)	614,701
Library collection	2,364,975	318,448	(24,305)	2,659,118
Total capital assets being depreciated	<u>2,978,727</u>	<u>333,893</u>	<u>(38,801)</u>	<u>3,273,819</u>
Less accumulated depreciation for				
Machinery and equipment	568,936	19,353	(13,045)	575,244
Library collection	1,263,835	301,282	(24,305)	1,540,812
Total accumulated depreciation	<u>1,832,771</u>	<u>320,635</u>	<u>(37,350)</u>	<u>2,116,056</u>
Total capital assets being depreciated, net	<u>1,145,956</u>	<u>13,258</u>	<u>(1,451)</u>	<u>1,157,763</u>
Capital assets, net	<u>\$ 3,225,836</u>	<u>\$ 53,058</u>	<u>\$ (1,451)</u>	<u>\$ 3,277,443</u>

Balance of page is left blank intentionally

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Fair for the year ended June 30, 2012, 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	926,620	170,000	-	1,096,620
Total capital assets being depreciated	<u>7,346,267</u>	<u>170,000</u>	<u>-</u>	<u>7,516,267</u>
Less accumulated depreciation for				
Buildings	2,593,466	160,491	-	2,753,957
Machinery and equipment	768,433	72,318	-	840,751
	<u>3,361,899</u>	<u>232,809</u>	<u>-</u>	<u>3,594,708</u>
Capital assets, net	<u>\$ 3,984,368</u>	<u>\$ (62,809)</u>	<u>\$ -</u>	<u>\$ 3,921,559</u>

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

Capital asset activity for the City of Casper/Natrona County Health Department for the year ended June 30, 2012, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Machinery and equipment	\$ 533,718	\$ 8,082	\$ (38,035)	\$ 503,765
Total capital assets being depreciated	<u>533,718</u>	<u>8,082</u>	<u>(38,035)</u>	<u>503,765</u>
Less accumulated depreciation for				
Machinery and equipment	441,308	35,866	(36,235)	440,939
Total accumulated depreciation	<u>441,308</u>	<u>35,866</u>	<u>(36,235)</u>	<u>440,939</u>
Capital assets, net	<u>\$ 92,410</u>	<u>\$ (27,784)</u>	<u>\$ (1,800)</u>	<u>\$ 62,826</u>

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets (Continued)

Component Units (Continued)

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 65,191	\$ 7,243	\$ (72,434)	\$ -
Total capital assets not being depreciated	<u>65,191</u>	<u>7,243</u>	<u>(72,434)</u>	<u>-</u>
Capital assets being depreciated				
Machinery and equipment	143,356	104,077	-	247,433
Intangibles	22,260	-	-	22,260
Total capital assets being depreciated	<u>165,616</u>	<u>104,077</u>	<u>-</u>	<u>269,693</u>
Less accumulated depreciation for				
Machinery and equipment	135,948	14,456	-	150,404
Total accumulated depreciation	<u>135,948</u>	<u>14,456</u>	<u>-</u>	<u>150,404</u>
Capital assets, net	<u>\$ 94,859</u>	<u>\$ 96,864</u>	<u>\$ (72,434)</u>	<u>\$ 119,289</u>

Approximately \$31,264 of equipment has been acquired under capital leases. The related amortization expense of \$3,967 has been included in annual depreciation expense.

Balance of page is left blank intentionally

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4. Capital Assets (Continued)

Component Units (Continued)

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 4,172,657	\$ 41,409	\$ -	\$ 4,214,066
Total capital assets not being depreciated	<u>4,172,657</u>	<u>41,409</u>	<u>-</u>	<u>4,214,066</u>
Capital assets being depreciated				
Buildings and improvements	76,448,231	2,285,712	-	78,733,943
Machinery and equipment	3,981,208	109,655	-	4,090,863
Water and sewage system	779,736	21,471	-	801,207
Total capital assets being depreciated	<u>81,209,175</u>	<u>2,416,838</u>	<u>-</u>	<u>83,626,013</u>
Less accumulated depreciation for				
Buildings and improvements	52,861,564	2,166,958	-	55,028,522
Machinery and equipment	3,089,031	175,596	-	3,264,627
Water and sewage system	766,271	4,028	-	770,299
Total accumulated depreciation	<u>56,716,866</u>	<u>2,346,582</u>	<u>-</u>	<u>59,063,448</u>
Total capital assets, being depreciated, net	<u>24,492,309</u>	<u>70,256</u>	<u>-</u>	<u>24,562,565</u>
Capital assets, net	<u>\$ 28,664,966</u>	<u>\$ 111,665</u>	<u>\$ -</u>	<u>\$ 28,776,631</u>

Balance of page is left blank intentionally

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 \$23,523,463 at June 30, 2012. 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, 2012:

	Balance June 30, 2011	New Debt Incurred	Debt Retired	Balance June 30, 2012	Due Within One Year
Primary Government					
Certificates of participation	\$ 9,606,373	\$ -	\$ 525,098	\$ 9,081,275	\$ 560,000
Capital lease obligations	97,807	-	90,199	7,609	7,609
Compensated absences	1,105,368	1,170,882	1,105,368	1,170,882	41,171
	<u>\$ 10,809,548</u>	<u>\$ 1,170,882</u>	<u>\$ 1,720,665</u>	<u>\$ 10,259,766</u>	<u>\$ 608,780</u>

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

Component Units					
Note payable	\$ 1,816,531	\$ -	\$ 64,571	\$ 1,751,960	\$ 67,799
Capital lease obligations	6,960	-	4,392	2,568	2,568
Compensated absences	562,905	607,575	562,905	607,575	297,562
	<u>\$ 2,386,396</u>	<u>\$ 607,575</u>	<u>\$ 631,868</u>	<u>\$ 2,362,103</u>	<u>\$ 367,929</u>

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012 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	\$ 9,081,275
	\$ 9,081,275

Scheduled principal and interest requirements as of June 30, 2012 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 560,000	\$ 374,181	\$ 934,181
2014	580,000	351,781	931,781
2015	600,000	328,581	928,581
2016	625,000	306,081	931,081
2017	645,000	281,863	926,863
2018-2022	3,640,000	1,002,113	4,642,113
2023-2025	2,560,000	210,675	2,770,675
	\$ 9,210,000	\$ 2,855,275	\$ 12,065,275

The balances above do not include the discount in the amount of \$128,725 that is reported as a component of the certificates of participation.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 5. County Debt (Continued)

Primary Government, Capital Lease Obligation

A summary of the capital lease obligation for Natrona County as of June 30, 2012 is as follows:

Capital lease obligation on building improvements and upgrades, due in monthly installments of \$7,609, including interest at 6.25%, through August 2012	\$ 7,609
	\$ 7,609

Annual requirements to amortize the loan principal and interest outstanding as of June 30, 2012 are as follows:

Year ended June 30,	Total
2013	\$ 7,649
Total minimum lease payments	7,649
Less amount representing interest	(40)
Present value of minimum lease payments	\$ 7,609

Component Units, Note Payable

A summary of the note payable for the Natrona County International Airport as of June 30, 2012 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	\$ 1,751,960
	\$ 1,751,960

Scheduled principal and interest requirements as of June 30, 2012 are as follows:

Year ended June 30,	Principal	Interest	Total
2013	\$ 67,799	\$ 87,598	\$ 155,397
2014	71,189	84,209	155,398
2015	74,749	80,648	155,397
2016	78,486	76,911	155,397
2017	82,411	72,987	155,398
2018 thru 2022	478,139	298,848	776,987
2023 thru 2027	610,240	166,747	776,987
2028 thru 2029	288,947	43,007	331,954
	\$ 1,751,960	\$ 910,955	\$ 2,662,915

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. County Debt (Continued)

Component Units, Capital Leases Payable

Capital lease obligations of the Community Action Partnership of Natrona County collateralized by the assets noted as of June 30, 2012 are as follows:

Lease/buy back obligation on copier, due in monthly installments of \$245, including interest at 9.89%, through May 2013, collateralized by the copier	\$ 2,568
	\$ 2,568

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2012 are as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2013	\$ 2,698
Total minimum lease payments	2,698
Less amount representing interest	(130)
Present value of minimum lease payments	\$ 2,568

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, 2012, \$20,000,000 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, 2012

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:

	2012	2011
Indigent and prisoner care	\$ 22,534,863	\$ 24,303,650
Required bond payments	-	2,070,000
Property insurance	164,501	139,559
	<u>\$ 22,699,364</u>	<u>\$ 26,513,209</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, 2012

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 \$225,673 and \$245,344 as of June 30, 2012 and June 30, 2011, 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, 2012, 2011 and 2010 were \$2,394,245, \$2,452,811, and \$2,182,814, respectively, equal to the required contributions for each year.

The component units' contributions to the System, excluding the Airport, for the years ended June 30, 2012, 2011 and 2010 were \$635,165, \$506,555, \$408,645, 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, 2012, 2011 and 2010 were \$137,665, \$125,778, and \$96,552, respectively, equal to the required contributions for each year for regular employees and \$89,960, \$88,463, and \$82,281 respectively, for firemen. The Airport also pays 100% of required contributions which are 14.12% for regular employees and 23% to 29% for firemen.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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	\$ 82,590	\$ -	\$ -	\$ 82,590
Restricted for				
Road construction	-	5,071,911	-	5,071,911
Drug court	-		156,337	156,337
Construction of criminal justice facilities	943,599	-	-	943,599
Committed to				
Emergency reserves	2,561,550	-	-	2,561,550
Perpetual care of one cent projects	2,314,254	-	-	2,314,254
Natrona County Detention Center Joint Powers Board	53,767	-	-	53,767
Hall of Justice Joint Powers Board	145,637	-	-	145,637
Transportation Department Road Funds	4,979,906	-	-	4,979,906
Assigned to				
Elkhorn Valley Rehab	501,637	-	-	501,637
Planned capital projects	6,985,362	-	-	6,985,362
Unassigned	5,158,405	-	-	5,158,405
Totals	<u>\$ 23,726,707</u>	<u>\$ 5,071,911</u>	<u>\$ 156,337</u>	<u>\$ 28,954,955</u>

The Employee Benefit Trust Fund, the internal service fund, had a deficit of \$222,401 as of June 30, 2012. The County plans to transfer funds from the general fund to cover the deficit.

NATRONA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 \$5,000,000, 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 \$331,353 and \$311,127 for the years ended June 30, 2012 and 2011, 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 2012 and 2011 were approximately \$378,772 and \$415,825, respectively.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 13. Risk Management Programs (Continued)

The County also provides its employees 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 \$345,521 and \$369,739 respectively, for the years ended June 30, 2012 and 2011. 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, 2012 and 2011 are as follows:

	2012	2011
Health care risk management liability, beginning of year	\$ 440,000	\$ 405,744
Claims incurred	(3,259,259)	(3,097,290)
Claims paid	3,226,759	3,131,546
Health care risk management liability, end of year	<u>\$ 407,500</u>	<u>\$ 440,000</u>

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, 2012.

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	<u>\$ 2,693,981</u>	<u>\$ 596,012</u>	<u>\$ 1,453,483</u>	<u>\$ 4,743,476</u>
Net assets, reserved for external pool participants	-	-	1,453,483	1,453,483
Net assets, unreserved	<u>2,693,981</u>	<u>596,012</u>	<u>-</u>	<u>3,289,993</u>
Total net assets	<u>\$ 2,693,981</u>	<u>\$ 596,012</u>	<u>\$ 1,453,483</u>	<u>\$ 4,743,476</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 14. Investment Pool (Continued)

	Primary Government	Component Units	External Participants	Total
Statement of Changes in Net Assets				
Investment income	\$ 13,129	\$ 2,858	\$ 5,557	\$ 21,544
Contributions from participants	-	-	1,112,383	1,112,383
Distributions to participants	(638,000)	-	(1,100,000)	(1,738,000)
Increase (decrease) in net assets	(624,871)	2,858	17,940	(604,073)
Net assets, beginning	3,318,852	593,154	1,435,543	5,347,549
Net assets, ending	<u>\$ 2,693,981</u>	<u>\$ 596,012</u>	<u>\$ 1,453,483</u>	<u>\$ 4,743,476</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, 2012, 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, 2012:

	Carrying Value	Fair Value
Cash deposits	\$ 2,639,891	\$ 2,639,891
FHLB, interest rates at 1% to 2%, maturing 2024	1,000,000	998,693
FHLMC notes, interest rate at 2%, maturing 2021	537,012	540,240
GNMA pass thru pool, interest at 4.5%, maturing 2023	332,554	331,690
FNMA pass thru pool, interest at 6.5%, maturing 2026	6,186	7,123
FNMA quarterly calls, interest at 1.5%, maturing 2016	225,000	225,839
Total investments	<u>\$ 4,740,643</u>	<u>\$ 4,743,476</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 15. Related Organizations

The County provided revenues to various component units during the fiscal year ended June 30, 2012. Following are the amounts provided and the associated amounts payable to these component units as of June 30, 2012.

	Revenues Provided	Amounts Payable June 30, 2012
Natrona County Weed and Pest Control	\$ -	\$ 26,007
Natrona County Fair	780,308	-
Natrona County Public Library	2,289,113	-
City of Casper/Natrona County Health Department	557,000	-
Community Action Partnership	203,666	12,586

Note 16. Standards Issued, But Not Yet Implemented

The County is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

Governmental Accounting Standard No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. The requirements of this statement are effective for the Count's fiscal year ending June 30, 2012.

Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The requirements of this statement are effective for the Count's fiscal year ending June 30, 2012.

Note 17. Prior Period Adjustment

The cash balance of the Community Action Partnership of Natrona County was restated due to errors found in the way the accounting software handled voided checks. Several checks from prior years were not properly voided, duplicating the expense as well as the cash disbursements. Cash increased \$14,283 while current year expenses decreased by \$180, resulting in a \$14,103 increase in net assets.

This page is intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally left blank

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

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 reshaing, gravel and recompactoin
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, 2012

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:

2012 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	10.2%	4	1.4%	-	0%
80 - 84	32	21.9%	2	0.7%	-	0%
70 - 79	50	34.3%	25	8.9%	-	0%
Sub-standard						
60 - 69	39	26.7%	25	8.9%	-	0%
40 - 59	10	6.9%	42	15.0%	-	0%
10 - 39	-	0.0%	182	65.0%	-	0%
Unimproved	-	0.0%	-	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%
80 - 84	11	7.4%	10	3.4%	-	0%
70 - 79	35	24.6%	53	18.8%	-	0%
Sub-standard						
60 - 69	36	25.0%	113	40.4%	-	0%
40 - 59	52	36.3%	99	35.3%	-	0%
10 - 39	3	1.8%	1	0.4%	-	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, 2012

Infrastructure Assets Reported Using the Modified Approach (Continued)

2010 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	7	4.9%	4	1.6%	-	0%
80 - 84	11	7.4%	10	3.4%	-	0%
70 - 79	35	24.6%	53	18.8%	-	0%
Sub-standard						
60 - 69	36	25.0%	113	40.4%	-	0%
40 - 59	52	36.3%	99	35.3%	-	0%
10 - 39	3	1.8%	1	0.4%	-	0%
Unimproved	-	0%	-	0%	352	100%
	<u>142</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>

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.

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

June 30, 2012

Infrastructure Assets Reported Using the Modified Approach (Continued)

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	2012		2011		2010	
	Bridges	Percent	Bridges	Percent	Bridges	Percent
Acceptable (80 to 100 points)	11	46%	10	42%	9	38%
Borderline (50 to 80 points)	6	25%	7	29%	8	33%
Deficient (less than 50 points)	7	29%	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 budgetary basis follows.

	2012	2011	2010	2009	2008
Estimated maintenance and preservation expenditures	\$ 4,414,935	\$ 3,381,031	\$ 3,320,223	\$ 3,958,625	\$ 2,095,846
Actual maintenance and preservation expenditures	<u>4,300,637</u>	<u>2,372,212</u>	<u>2,281,416</u>	<u>3,717,206</u>	<u>1,922,304</u>
	<u>\$ (114,298)</u>	<u>\$ (1,008,819)</u>	<u>\$ (1,038,807)</u>	<u>\$ (241,419)</u>	<u>\$ (173,542)</u>

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 27,173,734	\$ 27,187,734	\$ 27,102,886	\$ (84,848)
Licenses and permits	1,922,583	1,922,583	2,119,508	196,925
Intergovernmental	6,535,133	6,535,133	8,987,974	2,452,841
Charges for services	3,097,332	3,097,332	3,464,926	367,594
Investment income	37,000	37,000	76,097	39,097
Miscellaneous	769,250	769,250	1,153,827	384,577
Total revenues	<u>39,535,032</u>	<u>39,549,032</u>	<u>42,905,218</u>	<u>3,356,186</u>
Expenditures				
Current				
Agriculture	237,342	237,447	228,065	9,382
Assessor	855,579	855,579	781,731	73,848
Clerk	1,333,895	1,333,895	1,280,829	53,066
Coroner	387,363	387,363	347,099	40,264
Clerk of Court	1,760,722	1,785,677	1,436,998	348,679
Commissioners	18,793,568	22,244,866	16,524,892	5,719,974
Information technology	1,499,301	1,491,801	1,270,784	221,017
One percent	6,215,382	6,215,382	3,003,825	3,211,557
Road and bridge	3,603,859	3,747,542	3,420,129	327,413
Sheriff	13,941,512	14,230,360	13,375,154	855,206
Treasurer	809,340	809,340	768,885	40,455
Total expenditures	<u>49,437,863</u>	<u>53,339,252</u>	<u>42,438,391</u>	<u>10,900,861</u>
Net change in fund balance	<u>\$ (9,902,831)</u>	<u>\$ (13,790,220)</u>	466,827	<u>\$ (7,544,675)</u>
Fund balance - beginning of year			<u>25,531,803</u>	
Fund balance - end of year			<u>\$ 25,998,630</u>	

See accompanying note to required supplementary information

NATRONA COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

Note 1. Explanation 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	\$ 42,905,218
Difference - Budget Basis to GAAP	
Accrual of accounts receivable	416,884
Accrual of taxes receivable	669,435
Accrual of grants receivable	(333,719)
Accrual of investment income	(2,187)
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,655,631
Expenditures	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 42,438,391
Difference - Budget Basis to GAAP	
Accrual of accounts payable	(458,548)
Accrual of interest expense	109,092
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 42,088,935

OTHER SUPPLEMENTARY INFORMATION

This page is intentionally left blank

NATRONA COUNTY, WYOMING

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

June 30, 2012

	<u>Natrona County Public Library</u>	<u>Natrona County Public Library Foundation</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 437,201	\$ 211,567	\$ 648,768
Investments	97,248	-	97,248
Beneficial interest in assets held by others	-	225,673	225,673
Accounts receivable	-	22,250	22,250
Prepaid expenses	6,093	-	6,093
Property and equipment	1,777,443	1,500,000	3,277,443
Restricted investments	-	1,631,288	1,631,288
Total assets	<u>2,317,985</u>	<u>3,590,778</u>	<u>5,908,763</u>
LIABILITIES			
Accounts payable and accrued liabilities	11,442	68	11,510
Noncurrent liabilities			
Due within one year	3,444	-	3,444
Due in more than one year	99,555	-	99,555
Total liabilities	<u>114,441</u>	<u>68</u>	<u>114,509</u>
NET ASSETS			
Invested in capital assets	1,777,443	1,500,000	3,277,443
Restricted for permanent endowments by donors	-	1,631,288	1,631,288
Unrestricted	426,101	459,422	885,523
Total net assets	<u>\$ 2,203,544</u>	<u>\$ 3,590,710</u>	<u>\$ 5,794,254</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 NATRONA COUNTY PUBLIC LIBRARY
 Year Ended June 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units				
Natrona County Public Library	\$ 2,537,733	\$ 50,087	\$ 2,352,615	\$ 10,498
Natrona County Public Library Foundation	105,113	-	-	-
	<u>\$ 2,642,846</u>	<u>\$ 50,087</u>	<u>\$ 2,352,615</u>	<u>\$ 10,498</u>
		General revenues		
		Miscellaneous revenues		
		Contributions to permanent endowment		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net assets		
		Net assets - beginning of year		
		Net assets - end of year		

Net (Expense) Revenue and Changes in Net Assets		
Natrona County Public Library	Natrona County Public Library Foundation	Totals
\$ (124,533)	\$ -	\$ (124,533)
-	(105,113)	(105,113)
(124,533)	(105,113)	(229,646)
93,900	66,203	160,103
-	186,265	186,265
1,026	(55)	971
94,926	252,413	347,339
(29,607)	147,300	117,693
2,233,151	3,443,410	5,676,561
\$ 2,203,544	\$ 3,590,710	\$ 5,794,254

This page is intentionally left blank

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET ASSETS
NATRONA COUNTY FAIR

June 30, 2012

	Natrona County Fair	Central Wyoming Sports Foundation Executrust	Total
ASSETS			
Cash and cash equivalents	\$ 243,742	\$ 114,112	\$ 357,854
Accrued interest receivable	353	-	353
Accounts receivable	-	1,070	1,070
Property and equipment	3,921,559	-	3,921,559
Restricted investments	344,150	393,365	737,515
Total assets	4,509,804	508,547	5,018,351
LIABILITIES			
Accounts payable and accrued liabilities	38,203	-	38,203
Noncurrent liabilities			
Due in more than one year	35,228	-	35,228
Total liabilities	73,431	-	73,431
NET ASSETS			
Invested in capital assets	3,921,559	-	3,921,559
Restricted by donors for arena	344,150	393,365	737,515
Unrestricted	170,664	115,182	285,846
Total net assets	\$ 4,436,373	\$ 508,547	\$ 4,944,920

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 NATRONA COUNTY FAIR
 Year Ended June 30, 2012

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units				
Natrona County Fair	\$ 1,636,943	\$ 766,455	\$ 566,100	\$ 214,208
Central Wyoming Sports Foundation Executrust	5,191	-	-	-
	<u>\$ 1,642,134</u>	<u>\$ 766,455</u>	<u>\$ 566,100</u>	<u>\$ 214,208</u>
		General revenues		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net assets		
		Net assets - beginning of year		
		Net assets - end of year		

Net (Expense) Revenue and Changes in Net Assets

<u>Natrona County Fair</u>	<u>Central Wyoming Sports Foundation Executrust</u>	<u>Totals</u>
\$ (90,180)	\$ -	\$ (90,180)
-	(5,191)	(5,191)
<u>(90,180)</u>	<u>(5,191)</u>	<u>(95,371)</u>
3,083	8,711	11,794
<u>3,083</u>	<u>8,711</u>	<u>11,794</u>
(87,097)	3,520	(83,577)
<u>4,523,470</u>	<u>505,027</u>	<u>5,028,497</u>
<u>\$ 4,436,373</u>	<u>\$ 508,547</u>	<u>\$ 4,944,920</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, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 666,532	\$ 666,532
Intergovernmental	1,134,100	-	731,016	731,016
Charges for services	175,000	175,000	119,862	(55,138)
Investment income	3,560	3,560	1,191	(2,369)
Miscellaneous	-	-	2,822	2,822
Total revenues	<u>1,312,660</u>	<u>178,560</u>	<u>1,521,423</u>	<u>1,342,863</u>
Expenditures				
Conservation of natural resources	1,741,260	1,741,260	1,555,939	185,321
Capital outlay	158,500	158,500	83,236	75,264
Total expenditures	<u>1,899,760</u>	<u>1,899,760</u>	<u>1,639,175</u>	<u>260,585</u>
Net change in fund balance	<u>\$ (587,100)</u>	<u>\$ (1,721,200)</u>	(117,752)	<u>\$ 1,603,448</u>
Fund balance - beginning of year			<u>1,091,904</u>	
Fund balance - end of year			<u>\$ 974,152</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, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 781,200	\$ 781,200	\$ 780,308	\$ (892)
Charges for services	754,000	754,000	771,482	17,482
Investment income	4,000	4,000	1,902	(2,098)
Total revenues	<u>1,539,200</u>	<u>1,539,200</u>	<u>1,553,692</u>	<u>14,492</u>
Expenditures				
Recreation	1,346,100	1,346,100	1,362,162	(16,062)
Capital outlay	215,100	215,100	210,653	4,447
Total expenditures	<u>1,561,200</u>	<u>1,561,200</u>	<u>1,572,815</u>	<u>(11,615)</u>
Net change in fund balance	<u>\$ (22,000)</u>	<u>\$ (22,000)</u>	(19,123)	<u>\$ 2,877</u>
Fund balance - beginning of year			<u>613,889</u>	
Fund balance - end of year			<u>\$ 594,766</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, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,328,615	\$ 2,352,615	\$ 2,352,615	\$ -
Charges for services	45,000	45,000	50,126	5,126
Investment income	5,000	5,000	820	(4,180)
Miscellaneous revenue	78,900	93,900	93,900	-
Total revenues	<u>2,457,515</u>	<u>2,496,515</u>	<u>2,497,461</u>	<u>946</u>
Expenditures				
Recreation	2,575,559	2,614,559	2,556,232	58,327
Capital outlay	16,000	16,000	15,997	3
Total expenditures	<u>2,591,559</u>	<u>2,630,559</u>	<u>2,572,229</u>	<u>58,330</u>
Net change in fund balance	<u>\$ (134,044)</u>	<u>\$ (134,044)</u>	(74,768)	<u>\$ 59,276</u>
Fund balance - beginning of year			<u>602,441</u>	
Fund balance - end of year			<u>\$ 527,673</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, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,137,988	\$ 2,137,988	\$ 2,046,938	\$ (91,050)
Charges for services	693,881	693,881	744,321	50,440
Investment income	5,000	5,000	2,900	(2,100)
Miscellaneous	600	600	1,933	1,333
Total revenues	<u>2,837,469</u>	<u>2,837,469</u>	<u>2,796,092</u>	<u>(41,377)</u>
Expenditures				
Health and welfare	3,524,536	3,524,536	3,030,732	493,804
Capital outlay	45,814	45,814	61,324	(15,510)
Total expenditures	<u>3,570,350</u>	<u>3,570,350</u>	<u>3,092,056</u>	<u>478,294</u>
Net change in fund balance	<u>\$ (732,881)</u>	<u>\$ (732,881)</u>	(295,964)	<u>\$ 436,917</u>
Fund balance - beginning of year			<u>2,272,631</u>	
Fund balance - end of year			<u>\$ 1,976,667</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, 2012

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 1,911,107	\$ 1,794,913	\$ 1,846,673	\$ 51,760
Investment income	-	-	14	14
Miscellaneous revenue	275,700	276,600	153,841	(122,759)
Total revenues	<u>2,186,807</u>	<u>2,071,513</u>	<u>2,000,528</u>	<u>(70,985)</u>
Expenditures				
Health and welfare	2,183,807	2,068,513	1,893,893	174,620
Capital outlay	3,000	3,000	843	2,157
Total expenditures	<u>2,186,807</u>	<u>2,071,513</u>	<u>1,894,736</u>	<u>176,777</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	105,792	<u>\$ 105,792</u>
Fund balance - beginning of year			<u>7,049</u>	
Fund balance - end of year			<u>\$ 112,841</u>	

SINGLE AUDIT SECTION

This page is intentionally left blank

NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

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	ESG.CAP1105	\$ 16,512
Passed through City of Casper Housing Authority Supportive Housing Program	14.235	WY0002B8T000802	78,883
Supportive Housing Program	14.235	WY0002B8T000801	36,607
			<u>115,490</u>
ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP)	14.257	n/a	46,396
Total U.S. Department of Housing and Urban Development			<u>178,398</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Department of Family Services Juvenile Accountability Block Grants	16.523	n/a	22,118
Equitable Sharing	16.922	n/a	5,875
Total U.S. Department of Justice			<u>27,993</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation <i>Highway Safety Cluster</i>			
National Highway Traffic Safety Administration State and Community Highway Safety	20.600	402	3,032
<i>Total Highway Safety Cluster</i>			<u>3,032</u>
Alcohol Open Container Requirements	20.607	154AL	3,842
			<u>3,842</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	n/a	1,311
Total U.S. Department of Transportation			<u>8,185</u>

(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, 2012

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Education</u>			
<i>State Fiscal Stabilization Fund Cluster</i>			
Passed through the State of Wyoming State Lands and Investment Board			
ARRA - State Fiscal Stabilization Fund (SFSF)			
Government Services	84.397	S397A090051	\$ 2,035,168
Total U.S. Department of Education			2,035,168
<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	2,923
Passed through Wyoming Department of Health			
Public Health Emergency Preparedness	93.069	n/a	251,945
Passed through the University of Colorado at Denver			
AIDS Education and Training Centers	93.145	FY11.163.013	139,281
Passed through Wyoming Health Council			
Family Planning Services	93.217	n/a	77,304
Consolidated Health Centers - Health Care for the Homeless	93.224	H80CS02330	461,160
<i>Temporary Assistance for Needy Families Cluster</i>			
Passed through Wyoming Department of Health			
Temporary Assistance for Needy Families	93.558	n/a	135,343
Passed through Wyoming Department of Family Services			
Temporary Assistance for Needy Families	93.558	n/a	82,705
Total Temporary Assistance for Needy Families Cluster			218,048
<i>Community Services Block Grant Cluster</i>			
Passed through Wyoming Department of Health			
Community Services Block Grant	93.569	CSBG.NTR1209	321,592
Community Services Block Grant	93.569	CSBG.NTR1109	110,595
Community Services Block Grant	93.569	CSBG.10%SET-ASIDE.NTR1109	18,991
Total Community Services Block Grant Cluster			451,178

(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, 2012

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through Wyoming Department of Health			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV	93.938	n/a	\$ 1,369
HIV Prevention Activities - Health Department Based	93.940	n/a	2,274
Maternal and Child Health Services Block Grant to the States	93.994	n/a	1,651
Total U.S. Department of Health and Human Services			<u>1,607,133</u>
<u>Executive Office of the President</u>			
Passed through Wyoming Division of Criminal Investigation			
High Intensity Drug Trafficking Areas Program	95.001	G11RM0012A	37,178
High Intensity Drug Trafficking Areas Program	95.001	G12RM0012A	37,690
Total Executive Office of the President			<u>74,868</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Emergency Management Performance Grants	97.042	11-GPD-NAT-EM-GCF11	29,042
			<u>29,042</u>
Passed through Wyoming Office of Homeland Security			
Interoperable Emergency Communications	97.055	10-GDP-NAT-IE-CGP10	975
			<u>975</u>
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	09-GPD-NAT-CC-HCC9	6,175
Homeland Security Grant Program	97.067	09-GPD-NAT-SC-HSG9	54,361
Homeland Security Grant Program	97.067	10-GPD-NAT-SC-HSG10	91,776
Homeland Security Grant Program	97.067	10-GPD-NAT-LS-HLE10	13,336
Homeland Security Grant Program	97.067	11-GPD-NAT-LS-HLE11	6,300
Homeland Security Grant Program	97.067	09-GPD-NAT-LC-HLE9	5,558
			<u>177,506</u>
Total U.S. Department of Homeland Security			<u>207,523</u>
Total Expenditures of Federal Awards			<u>\$ 4,139,268</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

NATRONA COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

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, 2012, the County recognized \$3,318,690 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	\$ 14,537
Juvenile Accountability Incentive Block Grants	16.523	6,696
Temporary Assistance for Needy Families	93.558	36,193
Community Services Block Grant	93.569	<u>56,952</u>
Total Expenditures of Federal Awards		<u><u>\$ 114,378</u></u>

NATRONA COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

June 30, 2012

Note 4. CFDA No. 95.001 High Intensity Drug Trafficking Areas Program

During the fiscal year ended June 30, 2012, the County expended funds that were identified by the Wyoming Division of Criminal Investigation as being associated with CFDA No. 7.999. Per the current Catalog of Federal Domestic Assistance, CFDA No. 7.999 is not included in the list of grants for the Office of National Drug Control Policy. However, the listing did include CFDA No. 95.001, High Intensity Drug Trafficking Areas Program under the Executive Office of the President. For the purposes of presentation in the Schedule of Expenditures of Federal Awards and for the Data Collection Form to be submitted to the Federal Audit Clearing House, CFDA No. 95.001, High Intensity Drug Trafficking Areas Program, was used in lieu of the former CFDA No. 7.999.

This page is intentionally left blank



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2750 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

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

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

We have audited 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, 2012, which collectively comprise Natrona County, Wyoming's basic financial statements and have issued our report thereon dated January 22, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the 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

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

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

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 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 deficiency described in the accompanying schedule of findings and questioned costs as item IC-2012-1 to be a material weakness.

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 that we reported to management of Natrona County, Wyoming in a separate letter dated January 22, 2013.

Natrona County, Wyoming's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Natrona County, Wyoming's response and, accordingly, we express no opinion on it.

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

January 22, 2013



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

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

Compliance

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Natrona County, Wyoming's management. Our responsibility is to express an opinion on Natrona County, Wyoming's compliance based on our audit.

Natrona County, Wyoming's basic financial statements include the operations of the Natrona County International Airport, a discretely presented component unit, which received \$660,368 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of the Natrona County International Airport because the component unit engaged other auditors to perform the audit in accordance with OMB Circular A-133.

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. Our audit does not provide a legal determination of Natrona County, Wyoming's compliance with those requirements.

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, 2012.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item FA-2012-1. 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.

Natrona County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Natrona County's response and, accordingly, we express no opinion on the response.

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

January 22, 2013

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
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	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	No

Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>	
14.235	Supportive Housing Program	<u>\$ 115,490</u>	No findings
84.397	<i>State Fiscal Stabilization Fund Cluster</i> ARRA - State Fiscal Stabilization Fund - Government Services	<u>2,035,168</u>	No findings
93.224	Consolidated Health Centers - Health Care for the Homeless	<u>461,160</u>	No findings
		<u><u>\$ 2,611,818</u></u>	

(Continued)

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2012

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

IC-2012-1 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 and 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, 2012

III. Findings and Questioned Costs for Federal Awards

Internal Control Over Compliance

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

All CFDA Numbers

Criteria

Per OMB Circular A-133, Subpart C – Auditees, §_300 Auditee Responsibilities, the auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

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.

Questioned Costs

None

Effect

Federal expenditures may not be properly identified in a timely manner. County personnel could receive and expend Federal awards without proper consideration of the compliance requirements, resulting in noncompliance, and questioned costs, and the need to return funds to the granting agencies. Significant compliance issues could also harm the County's ability to continue to receive Federal funding in future years.

Cause

Historically, individuals outside of the Sheriff's Department, Community Action Partnership, and the City of Casper/Natrona County Health Department have not been responsible for grant administration and therefore, have received only limited training.

Recommendation

The Clerk and the Treasurer need to work together to develop procedures to determine that all grants entered into by Natrona County are properly identified and tracked to ensure that the grant is properly managed and reported.

Response

Natrona County applied for a Federal Energy Grant to replace air handlers in county buildings. The Commissioners had a specific person on their payroll who managed grants. However, after being awarded the grant a change in job duties occurred and responsibilities administered to other departments. Funds were properly received and expended, and the county fulfilled all reporting requirements to the Federal Government. However, proper identification of the grant was missed internally. In order to eliminate this from occurring in the future, all Resolutions regarding county grants will be copied to the County Clerk and Treasurer to ensure proper identification of funds.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2012

III. Findings and Questioned Costs for Federal Awards (Continued)

Compliance Findings

None.

NATRONA COUNTY, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2012

Significant Deficiencies in Internal Control Over Compliance and Compliance Findings

FA-2011-1 Allowable Costs/Cost Principles, Period of Availability

Program: Community Services Block Grant, CFDA No. 93.710 (*Community Services Block Grant Cluster*)

Condition

Community Action Partnership of Natrona County (CAP) paid for four months of rent for a client, three of which were in advance; the three months paid in advance constitute prepaid expenditures. CAP also purchased food cards from a local grocery store, all of which were still on hand as of the end of the grant period and were not used for performance of the grant award. Utilization of these cards at this time would now be outside the period of availability of the grant award.

Status

The condition has been corrected.

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.

This page is intentionally left blank