

Natrona County, Wyoming

FINANCIAL AND COMPLIANCE REPORT JUNE 30, 2018



NATRONA COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Natrona County, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Natrona County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, which represents 76%, 84%, and 58%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Natrona County International Airport, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Natrona County, Wyoming's basic financial statements. The other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of Natrona County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Natrona County, Wyoming's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natrona County, Wyoming's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 27, 2018

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NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

This section of the Natrona County, Wyoming's (the "County") annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2018. 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, 2018.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$232,806,068.
- Of this amount, the unrestricted net position available to meet the County's ongoing obligations to citizens and creditors is a balance of \$27,040,536.
- The County's total net position increased by \$3,331,450.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42,753,658, an increase of \$2,721,863 in comparison with the prior year. Approximately 91% of this total amount, \$39,054,893, 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 \$5,402,506, or 13% percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

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

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

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

The government-wide financial statements include not only Natrona County itself, (known as the primary government), but also the following legally separate entities: Natrona County Weed and Pest Control, Natrona County Fair, Natrona County Public Library, Community Action Partnership of Natrona County, City of Casper/Natrona County Health Department and Natrona County International 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 Natrona County International Airport may be obtained from the entity's administrative offices.

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, 2018

(Unaudited)

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

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

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.

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 31 through 68.

Other Information

Required supplementary information is presented concerning infrastructure assets reported using the modified approach. The County also presents schedules concerning the changes in net pension liability as well as pension contributions. Last, the County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far the largest portion of the County's net position (87%) reflects its investment in capital assets. The vast majority of these capital assets are the \$46 million in buildings, \$26 million investment in infrastructure assets, and \$117 million in hospital assets leased to the Wyoming Medical Center. These assets are not available for future spending. An additional \$3,631,743 of the County's net position (16 percent) represents resources that are subject to external restrictions on how they may be used.

The County was able to report positive balances in all three categories of net position for the current year and in the prior year. The County has a balance of \$27,040,536 in unrestricted net position in the current year. The unrestricted balance is available to meet the County's ongoing obligations.

The government's net position increased by \$3,331,450 during the current fiscal year.

The County's net position as of June 30, 2018 and 2017 was as follows:

	Primary Government		
	2018	2017	Variance
ASSETS			
Current assets	\$ 59,925,006	\$ 57,009,862	\$ 2,915,144
Capital assets, net of accumulated depreciation	206,972,934	205,029,287	1,943,647
Other assets	1,008	229	779
Total assets	<u>266,898,948</u>	<u>262,039,378</u>	<u>4,859,570</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>6,627,213</u>	<u>5,331,405</u>	<u>1,295,808</u>
LIABILITIES			
Current liabilities	3,278,577	2,815,894	462,683
Due in more than one year	19,494,273	20,508,179	(1,013,906)
Total liabilities	<u>22,772,850</u>	<u>23,324,073</u>	<u>(551,223)</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,947,243</u>	<u>14,572,092</u>	<u>3,375,151</u>
NET POSITION			
Net investment in capital assets	202,133,789	199,555,677	2,578,112
Restricted	3,631,743	2,195,192	1,436,551
Unrestricted	27,040,536	27,723,749	(683,213)
Total net position	<u>\$ 232,806,068</u>	<u>\$ 229,474,618</u>	<u>\$ 3,331,450</u>

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Governmental Activities

Governmental activities increased the County's net position by \$3,331,450, approximately \$13 million more than the prior year decrease. Key elements of this increase are as follows:

- Increase in tax revenues of \$1.2 million in fiscal year 2018 was due to increase of \$1.1 million in property tax revenue due to an increase of 1.3% in the 2017 Assessed Values in comparison to those of 2016; these valuations were used to set mill levies for property taxes in fiscal years 2017 and 2016, respectively. The County also received \$805,000 of 2016 property taxes from a large oil and gas company. There was also a \$272,000 increase in optional one percent sales tax and a \$456,000 increase in sales and use tax in fiscal year 2018 in comparison to fiscal year 2017, both due to the economic upturn in fiscal year 2018 in comparison to fiscal year 2017.
- Increase in operating grants and contributions of \$356,000 in fiscal year 2018 was due to increase of \$170,000 in the Transportation Alternatives Program (TAP) grant received from the Wyoming Department of Transportation for the Casper College to Rotary Park Pathways project. The City of Casper also contributed \$110,000 to the aforementioned project.
- Increase of capital grants and contributions of \$10.9 million in fiscal year 2018 in comparison to the prior year due to an increase of \$11.6 million in assets purchased by the Wyoming Medical Center. There was also a \$483,000 decrease in Wyoming Business Council grants in fiscal year 2018 that was mainly due to \$442,000 decrease in costs of providing electrical and broadband/connectivity costs to assist with the expansion of the Mountain West Technology Network's Natrona County facilities.
- Increase in general government expenses of \$210,000 due to a 2% wage increase to all employees.
- Increase in public safety expenses of \$895,000 due to large wage increases for the Sheriff's Department.
- Decrease in public works expenses of \$1.1 million due to completion of several large road projects (Zero Road and 33 Mile Road).
- Increase in assets leased to the hospital of \$463,000.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

Revenues	2018		2017	
General				
Taxes	\$ 27,903,504	46.28%	\$ 26,712,898	56.31%
Payments in lieu of taxes	3,644,037	6.04%	3,571,356	7.53%
Investment income (loss)	109,857	0.18%	(55,216)	-0.12%
Miscellaneous revenue	852,273	1.41%	845,525	1.78%
Program revenues				
Charges for services	5,761,953	9.56%	5,545,752	11.69%
Operating grants and contributions	5,321,934	8.83%	4,965,752	10.47%
Capital grants and contributions	16,703,066	27.70%	5,853,027	12.34%
Total revenues	60,296,624	100.00%	47,439,094	100.00%
Expenses				
General government	12,301,993	21.60%	12,092,325	21.17%
Public safety	20,839,140	36.58%	19,944,252	34.91%
Public works	5,139,288	9.02%	6,264,101	10.96%
Health and welfare	2,549,092	4.47%	2,367,206	4.14%
Culture and recreation	4,014,517	7.05%	3,965,597	6.94%
Conservation of natural resources	563,310	0.99%	465,750	0.82%
Assets leased to hospital	11,431,051	20.07%	11,894,146	20.82%
Interest on long-term debt	126,783	0.22%	138,643	0.24%
Total expenses	56,965,174	100.00%	57,132,020	100.00%
Total changes in net position	3,331,450		(9,692,926)	
Beginning net position	229,474,618		239,167,544	
Ending net position	\$ 232,806,068		\$ 229,474,618	

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, County Road Construction, Drug Court, Hall of Justice Joint Powers Board, and Jail Joint Powers Board 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42,753,658, an increase of \$2,721,863 in comparison with the prior year. Of that, \$3,631,743 is subject to external restrictions and \$67,022 is not available for spending as it is held in reserve for inventory. The external restrictions consist of (1) \$139,115 for the Drug Court program, (2) \$2,476,180 for Lake Alcova under an agreement with the Bureau of Reclamation, \$908,967 for road construction, and (3) \$107,481 for water and sewer projects at the lake. 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 \$41,583,394. Of that, \$9,780,323 has been committed by resolution of the Board of County Commissioners: (1) \$2,184,240 for perpetual care of one cent projects, and (2) \$7,596,083 for County roads. The Board of County Commissioners assigned by designation \$23,749,882 as follows: (1) \$7,324,833 for emergency reserves and (2) \$16,425,049 for future capital projects. The remaining \$5,402,506 is unassigned in the General Fund.

The fund balance of the County's general fund increased \$1.9 million during the current fiscal year. Key factors in this decrease are as follows:

- Increase in tax revenues of \$1.5 million in fiscal year 2018 was due to increase of \$1.1 million in property tax revenue due to an increase of 1.3% in the 2017 Assessed Values in comparison to those of 2016; these valuations were used to set mill levies for property taxes in fiscal years 2017 and 2016, respectively. The County also received \$805,000 of 2016 property taxes from a large oil and gas company. There was also a \$272,000 increase in optional one percent sales tax due to the economic upturn in fiscal year 2018 in comparison to fiscal year 2017.

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 increased to \$908,967. The fund balance of the County's road construction fund increased \$878,009 during the current fiscal year due to revenues outpacing expenditures.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

	2018		2017	
Revenues				
Taxes	\$ 17,602,316	38.89%	\$ 16,110,791	37.10%
Licenses and permits	1,701,424	3.76%	1,718,866	3.96%
Intergovernmental revenues	21,274,181	47.00%	21,050,909	48.47%
Charges for services	3,806,932	8.41%	3,820,899	8.80%
Investment income (loss)	109,858	0.24%	(55,215)	-0.13%
Miscellaneous revenues	764,771	1.69%	782,777	1.80%
Total revenues	<u>45,259,482</u>	<u>100.00%</u>	<u>43,429,027</u>	<u>100.00%</u>
Expenditures				
Current				
General government	11,761,405	27.65%	11,668,227	27.34%
Public safety	18,564,821	43.64%	18,613,139	43.62%
Public works	2,179,218	5.12%	2,236,290	5.24%
Health and welfare	2,362,867	5.55%	2,220,719	5.20%
Culture and recreation	3,447,544	8.10%	3,497,066	8.19%
Conservation of natural resources	359,371	0.84%	359,827	0.84%
Debt service				
Principal	625,000	1.47%	610,000	1.43%
Interest	136,249	0.32%	148,108	0.35%
Capital outlay	3,101,144	7.29%	3,320,561	7.78%
Total expenditures	<u>\$ 42,537,619</u>	<u>100.00%</u>	<u>\$ 42,673,937</u>	<u>100.00%</u>

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$1.9 million summarized as follows:

County Clerk	\$ 14,700
Clerk of Court	23,280
Commissioners	1,973,158
Road and bridge	28,328
Sheriff	(127,429)
	<u>\$ 1,912,037</u>

The increases were possible because of additional anticipated and unanticipated revenues.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$206,972,934 (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 decrease in the County's investment in capital assets for the current fiscal year was 0.9 percent. The schedule below shows the changes in capital assets during the year:

	2018	2017	Variance
Capital assets, not being depreciated			
Land	\$ 16,265,656	\$ 16,265,656	\$ -
Infrastructure	25,698,770	25,698,770	-
Total capital assets not being depreciated	41,964,426	41,964,426	-
Capital assets being depreciated			
Buildings	146,382,902	146,022,379	360,523
Machinery and equipment	21,623,322	20,899,498	723,824
Hospital assets*	358,954,089	343,908,416	15,045,673
Total capital assets being depreciated	526,960,313	510,830,293	16,130,020
Less accumulated depreciation for			
Buildings	100,708,392	99,004,169	1,704,223
Machinery and equipment	19,215,040	18,163,941	1,051,099
Hospital assets*	242,028,373	230,597,322	11,431,051
Total accumulated depreciation	361,951,805	347,765,432	14,186,373
Total capital assets being depreciated, net	165,008,508	163,064,861	1,943,647
Capital assets, net	\$ 206,972,934	\$ 205,029,287	\$ 1,943,647

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

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

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

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

2018 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	3	2.2%	1	0.4%	n/a	n/a
80 - 84	n/a	n/a	8	2.9%	n/a	n/a
70 - 85	48	35.8%	n/a	n/a	n/a	n/a
70 - 79	n/a	n/a	43	15.4%	n/a	n/a
Sub-standard						
Less than 70	83	61.9%	n/a	n/a	n/a	n/a
60 - 69	n/a	n/a	64	22.6%	n/a	n/a
40 - 59	n/a	n/a	110	38.9%	n/a	n/a
0 - 39	n/a	n/a	56	19.8%	n/a	n/a
Unimproved	n/a	n/a	n/a	n/a	352	100%
	<u>134</u>	<u>100%</u>	<u>282</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, 2018 on infrastructure for maintenance and preservation were \$3.7 million, compared to planned amount of \$6.2 million.

Debt Administration

The County's total debt decreased by \$1,019,629 (5 percent) during the current fiscal year. The decrease reflects a decrease from principal payments of \$625,000 on the 2014 certificates of participation as well as a decrease of \$360,252 in net pension liability. In addition, vacation and sick leave decreased \$34,377. Additional information on the County's debt administration can be found in Note 5.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Economic Factors and Next Year's Budget

The State and local economy appears to be slightly better in fiscal year 2018 in comparison to fiscal year 2017. An economic snapshot article in April 2018 stated that "Wyoming energy continues to drive improvements for an economy that was greatly weakened by the two-year downturn in the coal, oil and gas industries" while a March 2018 MACRO report stated that "A number of positive signs, like energy spending and added jobs, show an expanding economy and a measured recovery". For the period ending November 30, 2018 in comparison to November 30, 2017, Natrona County property tax revenue is up 3 percent, sales and use tax is up 7 percent, and optional sales and use tax is up 6 percent.

Based on current available data, the unemployment rate at October 2018 for Natrona County is 4.2 percent, which is slightly higher than the State of Wyoming unemployment rate of 4.1 percent. Fiscal year 2019 budgeted General Fund revenues are expected to be approximately \$504,000 higher than fiscal year 2018 because of the increases in property tax revenues. Meanwhile, the Federal Government Payments in lieu of Taxes or PILT is expected to increase by \$426,500 and sales and use taxes are expected to be down \$26,000 in fiscal year 2019 in comparison to fiscal year 2018.

The County had a 2% increase in their fiscal year 2019 expenditure budget in comparison to fiscal year 2018 expenditure budget.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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NATRONA COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government		Component
	Governmental		Units
	Activities	Total	Total
ASSETS			
Cash and cash equivalents	\$ 25,689,743	\$ 25,689,743	\$ 2,799,036
Investments	14,710,868	14,710,868	1,804,198
Beneficial interest in assets held by others	-	-	281,645
Property taxes receivable	15,790,126	15,790,126	-
Accounts receivable	679,384	679,384	247,213
Accrued interest receivable	-	-	2,031
Due from other governments	2,987,863	2,987,863	4,374,997
Due from primary government	-	-	1,240,028
Inventory	67,022	67,022	185,426
Prepaid items	-	-	12,754
Capital assets not being depreciated	41,964,426	41,964,426	21,729,864
Capital assets being depreciated, net	165,008,508	165,008,508	32,503,911
Restricted cash and cash equivalents	1,008	1,008	235,711
Restricted investments	-	-	3,667,193
Total assets	<u>266,898,948</u>	<u>266,898,948</u>	<u>69,084,007</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	<u>6,627,213</u>	<u>6,627,213</u>	<u>2,953,815</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,373,066	1,373,066	2,625,685
Unearned revenues	21,000	21,000	128,028
Due to component units	1,240,028	1,240,028	-
Due to other governments	-	-	4,751
Noncurrent liabilities			
Due within one year	644,483	644,483	176,988
Due in more than one year	19,494,273	19,494,273	10,249,103
Total liabilities	<u>22,772,850</u>	<u>22,772,850</u>	<u>13,184,555</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	13,836,905	13,836,905	1,204,692
Pension plan items	4,110,338	4,110,338	1,790,046
Total deferred inflows of resources	<u>17,947,243</u>	<u>17,947,243</u>	<u>2,994,738</u>
NET POSITION			
Net investment in capital assets	202,133,789	202,133,789	52,857,414
Restricted, expendable			
Restricted by statute and grantors	1,048,082	1,048,082	-
Restricted from passenger facility charges	-	-	256,243
Restricted for lake, water, and sewer	2,583,661	2,583,661	-
Restricted, nonexpendable			
Restricted by donors	-	-	3,691,476
Unrestricted	27,040,536	27,040,536	(946,604)
Total net position	<u>\$ 232,806,068</u>	<u>\$ 232,806,068</u>	<u>\$ 55,858,529</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 12,301,993	\$ 1,967,314	\$ 3,404,141	\$ -
Public safety	20,839,140	2,573,617	324,791	572,401
Public works	5,139,288	-	22,210	1,084,992
Health and welfare	2,549,092	1,052,054	560,327	-
Culture and recreation	4,014,517	168,968	-	-
Conservation of natural resources	563,310	-	1,010,465	-
Assets leased to hospital	11,431,051	-	-	15,045,673
Interest on long-term debt	126,783	-	-	-
Total governmental activities	<u>56,965,174</u>	<u>5,761,953</u>	<u>5,321,934</u>	<u>16,703,066</u>
Total primary government	<u>\$ 56,965,174</u>	<u>\$ 5,761,953</u>	<u>\$ 5,321,934</u>	<u>\$ 16,703,066</u>
Component units	<u>\$ 20,096,762</u>	<u>\$ 6,065,062</u>	<u>\$ 8,612,240</u>	<u>\$ 12,565,903</u>

General revenues
 Property taxes
 Sales taxes
 Other taxes
 Payments in lieu of taxes
 Unrestricted investment earnings
 Miscellaneous revenue
 Contributions to permanent endowment

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		<u>Component Units Totals</u>
<u>Governmental Activities</u>	<u>Total</u>	
\$ (6,930,538)	\$ (6,930,538)	\$ -
(17,368,331)	(17,368,331)	-
(4,032,086)	(4,032,086)	-
(936,711)	(936,711)	-
(3,845,549)	(3,845,549)	-
447,155	447,155	-
3,614,622	3,614,622	-
(126,783)	(126,783)	-
<u>(29,178,221)</u>	<u>(29,178,221)</u>	<u>-</u>
(29,178,221)	(29,178,221)	-
-	-	7,146,443
14,636,568	14,636,568	643,186
7,335,528	7,335,528	-
5,931,408	5,931,408	349,116
3,644,037	3,644,037	-
109,857	109,857	283,365
852,273	852,273	394,829
-	-	5,864
<u>32,509,671</u>	<u>32,509,671</u>	<u>1,676,360</u>
3,331,450	3,331,450	8,822,803
<u>229,474,618</u>	<u>229,474,618</u>	<u>47,035,726</u>
<u>\$ 232,806,068</u>	<u>\$ 232,806,068</u>	<u>\$ 55,858,529</u>

NATRONA COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			Totals
	General Fund	County Road Construction Fund	Nonmajor Funds	
ASSETS				
Cash and cash equivalents	\$ 25,567,561	\$ -	\$ 122,182	\$ 25,689,743
Investments	14,710,868	-	-	14,710,868
Property taxes receivable	15,790,126	-	-	15,790,126
Accounts receivable	679,384	-	-	679,384
Due from other funds	-	908,967	139,115	1,048,082
Due from other governments	2,987,863	-	-	2,987,863
Inventory	67,022	-	-	67,022
Restricted cash	1,008	-	-	1,008
Total assets	\$ 59,803,832	\$ 908,967	\$ 261,297	\$ 60,974,096
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,373,066	\$ -	\$ -	\$ 1,373,066
Unearned revenues	21,000	-	-	21,000
Compensated absences	1,581	-	-	1,581
Due to other funds	1,048,082	-	-	1,048,082
Due to component units	1,240,028	-	-	1,240,028
Total liabilities	3,683,757	-	-	3,683,757
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenues	14,536,681	-	-	14,536,681
Total deferred inflows of resources	14,536,681	-	-	14,536,681
FUND BALANCES				
Nonspendable	67,022	-	-	67,022
Restricted	2,583,661	908,967	139,115	3,631,743
Unrestricted				
Committed	9,780,323	-	122,182	9,902,505
Assigned	23,749,882	-	-	23,749,882
Unassigned	5,402,506	-	-	5,402,506
Total fund balances	41,583,394	908,967	261,297	42,753,658
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,803,832	\$ 908,967	\$ 261,297	\$ 60,974,096

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

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

June 30, 2018

Total fund balances - governmental funds \$ 42,753,658

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total of capital assets reported in the government-wide statements. 206,972,934

Since the focus of governmental fund statements is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred inflows in the governmental funds and are not included in the governmental fund balances.

Governmental funds - unavailable property tax revenues	\$ 14,536,681	
Government-wide - unavailable property tax revenues	<u>(13,836,905)</u>	699,776

Deferred outflows and inflows for pension items are not available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.

Pension plan items - Deferred outflows of resources	6,627,213	
Pension plan items - Deferred inflows of resources	<u>(4,110,338)</u>	2,516,875

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	(4,765,000)	
Premium on certificates of participation	(74,145)	
Total compensated absences	(1,119,537)	
Compensated absences recorded in governmental funds	1,581	
Net pension liability	<u>(14,180,074)</u>	<u>(20,137,175)</u>

Net position of governmental activities \$ 232,806,068

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, 2018

	Major Funds			Totals
	General Fund	County Road Construction Fund	Nonmajor Funds	
Revenues				
Taxes	\$ 17,602,316	\$ -	\$ -	\$ 17,602,316
Licenses and permits	1,701,424	-	-	1,701,424
Intergovernmental revenues	19,966,822	892,548	414,811	21,274,181
Charges for services	3,778,724	-	28,208	3,806,932
Investment income	106,633	3,225	-	109,858
Miscellaneous revenues	663,630	-	101,141	764,771
Total revenues	<u>43,819,549</u>	<u>895,773</u>	<u>544,160</u>	<u>45,259,482</u>
Expenditures				
Current				
General government	11,761,405	-	-	11,761,405
Public safety	18,564,821	-	-	18,564,821
Public works	2,179,218	-	-	2,179,218
Health and welfare	1,912,446	-	450,421	2,362,867
Culture and recreation	3,447,544	-	-	3,447,544
Conservation of natural resources	359,371	-	-	359,371
Debt service				
Principal	625,000	-	-	625,000
Interest	136,249	-	-	136,249
Capital outlay	2,971,418	17,764	111,962	3,101,144
Total expenditures	<u>41,957,472</u>	<u>17,764</u>	<u>562,383</u>	<u>42,537,619</u>
Net change in fund balances	1,862,077	878,009	(18,223)	2,721,863
Fund balances - beginning of year				
	<u>39,721,317</u>	<u>30,958</u>	<u>279,520</u>	<u>40,031,795</u>
Fund balances - end of year				
	<u>\$ 41,583,394</u>	<u>\$ 908,967</u>	<u>\$ 261,297</u>	<u>\$ 42,753,658</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, 2018

Net changes in fund balances - total governmental funds	\$ 2,721,863
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:

Additions to capital assets in the governmental funds	\$ 1,117,747	
Contributions of capital assets from the Wyoming Medical Center	15,045,673	
Sales of capital assets include the effects of past depreciation when recorded in the statement of activities	(1,499)	
Depreciation expense for the year	<u>(14,218,274)</u>	1,943,647

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 position. This is the effect of this difference in the treatment of long-term debt.

Amortization of debt premium	9,465	
Payment of principal on certificates of participation	625,000	
Prior year total compensated absences	1,153,914	
Prior year compensated absences - general fund short-term	(5,778)	
Current year total compensated absences	(1,119,537)	
Current year compensated absences - general fund short-term	<u>1,581</u>	664,645

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NATRONA COUNTY, WYOMING

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

Year Ended June 30, 2018

Pension expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension liability as of June 30, 2017	\$ 14,540,326	
Pension liability as of June 30, 2018	(14,180,074)	
Deferred outflows - pension items June 30, 2017	(5,331,405)	
Deferred outflows - pension items June 30, 2018	6,627,213	
Deferred inflows - pension items June 30, 2017	464,100	
Deferred inflows - pension items June 30, 2018	<u>(4,110,338)</u>	\$ (1,990,178)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Unavailable property taxes - governmental funds June 30, 2017	(14,816,295)	
Unavailable property taxes - governmental activities June 30, 2017	14,107,992	
Unavailable property taxes - governmental funds June 30, 2018	14,536,681	
Unavailable property taxes - governmental activities June 30, 2018	<u>(13,836,905)</u>	<u>(8,527)</u>

Changes in net position of governmental activities		<u><u>\$ 3,331,450</u></u>
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NATRONA COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	Trust Funds	
	Employee Benefit Trust Fund	Investment Pool Trust Fund
ASSETS		
Cash and cash equivalents	\$ 3,278,985	\$ -
Investments	2,508	899,714
Property taxes receivable	-	-
	3,281,493	899,714
LIABILITIES		
Due to other governments	-	-
Payable to external entities	-	-
Medical claims payable	247,500	-
	247,500	-
NET POSITION		
Restricted for		
Employees' medical benefits	3,033,993	-
Other governments and organizations	-	899,714
	\$ 3,033,993	\$ 899,714
	\$ 3,033,993	\$ 899,714

See accompanying notes to the financial statements

Agency Funds

Property Tax Fund	General Agency Fund	Fire Fighters of Natrona County	Total
\$ -	\$ 21,457,732	\$ 158,293	\$ 24,895,010
-	-	93,403	995,625
<u>285,575</u>	<u>-</u>	<u>-</u>	<u>285,575</u>
<u>\$ 285,575</u>	<u>\$ 21,457,732</u>	<u>\$ 251,696</u>	<u>26,176,210</u>
\$ 285,575	\$ 20,940,647	\$ 251,696	21,477,918
-	517,085	-	517,085
<u>-</u>	<u>-</u>	<u>-</u>	<u>247,500</u>
<u>\$ 285,575</u>	<u>\$ 21,457,732</u>	<u>\$ 251,696</u>	<u>22,242,503</u>
			3,033,993
			<u>899,714</u>
			<u>\$ 3,933,707</u>

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NATRONA COUNTY, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2018

	Employee Benefit Trust Fund	Investment Pool Trust Fund	Totals
Additions			
Contributions from pool participants	\$ -	\$ 600,000	\$ 600,000
Contributions from employer	7,060,381	-	7,060,381
Investment income	33	8,837	8,870
Total additions	7,060,414	608,837	7,669,251
Deductions			
Medical benefits paid	5,776,917	-	5,776,917
Distributions to pool participants	-	630,000	630,000
Total deductions	5,776,917	630,000	6,406,917
Change in net position	1,283,497	(21,163)	1,262,334
Net position - beginning of year	1,750,496	920,877	2,671,373
Net position - end of year	\$ 3,033,993	\$ 899,714	\$ 3,933,707

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2018

	Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair
ASSETS			
Cash and cash equivalents	\$ 545,202	\$ 1,045,680	\$ 241,904
Investments	186,705	104,075	-
Beneficial interest in assets held by others	-	281,645	-
Accounts receivable	9,818	4,911	9,275
Accrued interest receivable	672	-	1,359
Due from other governments	-	-	-
Due from primary government	1,219,530	-	-
Inventory	133,079	-	-
Prepaid items	12,754	-	-
Capital assets not being depreciated	-	2,270,880	5,295
Capital assets being depreciated, net	350,850	909,055	3,484,251
Restricted cash and cash equivalents	-	24,283	-
Restricted investments	-	3,085,572	581,621
Total assets	<u>2,458,610</u>	<u>7,726,101</u>	<u>4,323,705</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	193,334	514,068	150,689
Total deferred outflows of resources	<u>193,334</u>	<u>514,068</u>	<u>150,689</u>
LIABILITIES			
Accounts payable and accrued liabilities	89,221	122,715	42,939
Due to other governments	4,751	-	-
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	558,098	1,892,704	516,634
Total current liabilities	<u>652,070</u>	<u>2,015,419</u>	<u>559,573</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	1,204,692	-	-
Pension plan items	107,288	363,603	129,807
Total deferred inflows of resources	<u>1,311,980</u>	<u>363,603</u>	<u>129,807</u>
NET POSITION			
Net investment in capital assets	350,850	3,179,935	3,489,546
Restricted, expendable			
Restricted by passenger facility charges	-	-	-
Restricted, nonexpendable			
Restricted by donors	-	3,109,855	581,621
Unrestricted (deficit)	<u>337,044</u>	<u>(428,643)</u>	<u>(286,153)</u>
Total net position (deficit)	<u>\$ 687,894</u>	<u>\$ 5,861,147</u>	<u>\$ 3,785,014</u>

See accompanying notes to the financial statements

City of Casper/ Natrona County Health Department	Community Action Partnership of Natrona County	Natrona County International Airport	Total
\$ 558,304	\$ 155,640	\$ 252,306	\$ 2,799,036
533,783	-	979,635	1,804,198
-	-	-	281,645
15,363	68,733	139,113	247,213
-	-	-	2,031
84,015	102,801	4,188,181	4,374,997
-	20,498	-	1,240,028
-	-	52,347	185,426
-	-	-	12,754
-	-	19,453,689	21,729,864
209,170	82,646	27,467,939	32,503,911
-	-	211,428	235,711
-	-	-	3,667,193
<u>1,400,635</u>	<u>430,318</u>	<u>52,744,638</u>	<u>69,084,007</u>
614,084	426,039	1,055,601	2,953,815
<u>614,084</u>	<u>426,039</u>	<u>1,055,601</u>	<u>2,953,815</u>
14,634	117,324	2,238,852	2,625,685
-	-	-	4,751
20,058	-	107,970	128,028
564	566	175,858	176,988
<u>2,183,968</u>	<u>1,140,140</u>	<u>3,957,559</u>	<u>10,249,103</u>
<u>2,219,224</u>	<u>1,258,030</u>	<u>6,480,239</u>	<u>13,184,555</u>
-	-	-	1,204,692
493,600	218,771	476,977	1,790,046
<u>493,600</u>	<u>218,771</u>	<u>476,977</u>	<u>2,994,738</u>
209,170	82,080	45,545,833	52,857,414
-	-	256,243	256,243
-	-	-	3,691,476
<u>(907,275)</u>	<u>(702,524)</u>	<u>1,040,947</u>	<u>(946,604)</u>
<u>\$ (698,105)</u>	<u>\$ (620,444)</u>	<u>\$ 46,843,023</u>	<u>\$ 55,858,529</u>

NATRONA COUNTY, WYOMING

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS**

Year Ended June 30, 2018

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Natrona County Weed and Pest Control	\$ 1,602,237	\$ 314,571	\$ 65,000	\$ -
Natrona County Public Library	3,302,508	41,107	2,632,004	-
Natrona County Fair	1,904,794	886,203	605,220	136,461
City of Casper/Natrona County Health Department	3,459,333	919,090	2,344,940	-
Community Action Partnership of Natrona County	2,664,781	35,437	2,468,694	-
Natrona County International Airport	7,163,109	3,868,654	496,382	12,429,442
	\$ 20,096,762	\$ 6,065,062	\$ 8,612,240	\$ 12,565,903

General revenues
Property taxes
Other taxes
Unrestricted investment earnings
Miscellaneous revenues
Contributions to permanent endowment
Total general revenues

Change in net position

Net position (deficit) - beginning of year

Net position (deficit) - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair	City of Casper/ Natrona County Health Department	Community Action Partnership of Natrona County	Natrona County International Airport	Totals
\$ (1,222,666)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,222,666)
-	(629,397)	-	-	-	-	(629,397)
-	-	(276,910)	-	-	-	(276,910)
-	-	-	(195,303)	-	-	(195,303)
-	-	-	-	(160,650)	-	(160,650)
-	-	-	-	-	9,631,369	9,631,369
<u>(1,222,666)</u>	<u>(629,397)</u>	<u>(276,910)</u>	<u>(195,303)</u>	<u>(160,650)</u>	<u>9,631,369</u>	<u>7,146,443</u>
643,186	-	-	-	-	-	643,186
265,480	-	-	-	-	83,636	349,116
1,988	253,771	12,524	7,467	-	7,615	283,365
184	283,322	-	71,410	17,737	22,176	394,829
-	5,864	-	-	-	-	5,864
<u>910,838</u>	<u>542,957</u>	<u>12,524</u>	<u>78,877</u>	<u>17,737</u>	<u>113,427</u>	<u>1,676,360</u>
(311,828)	(86,440)	(264,386)	(116,426)	(142,913)	9,744,796	8,822,803
999,722	5,947,587	4,049,400	(581,679)	(477,531)	37,098,227	47,035,726
<u>\$ 687,894</u>	<u>\$ 5,861,147</u>	<u>\$ 3,785,014</u>	<u>\$ (698,105)</u>	<u>\$ (620,444)</u>	<u>\$ 46,843,023</u>	<u>\$ 55,858,529</u>

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NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 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's governing body is not substantially the same as the County's. However, the County is financially accountable for the Hall of Justice Joint Powers Board as the County is responsible for the financial burden of the Hall of Justice. In addition, the Hall of Justice Joint Powers Board is fiscally dependent upon the County. The Hall of Justice Joint Powers Board is reported as a special revenue 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's governing body is not substantially the same as the County's. However, the County is financially accountable for the Jail Joint Powers Board as the County is responsible for the financial burden of the Jail. In addition, the Natrona County Jail Joint Powers Board is fiscally dependent upon the County. The Natrona County Jail Joint Powers Board is reported as a special revenue fund of the County.

Memorial Hospital of Natrona County

The Memorial Hospital of Natrona County is governed by a Hospital Board of Trustees. In 1986, the Board of Trustees entered into a lease with the Wyoming Medical Center. The lease allows the Wyoming Medical Center to use specific County assets as part of its operations. The lease provides for many mutually beneficial outcomes and specifically provides that creating any lien, encumbrance, mortgage or assignment by Wyoming Medical Center requires the approval of the Board of Trustees and the Natrona County Commissions. The Memorial Hospital of Natrona County only owns capital assets, all of which are included in County capital assets.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Discretely Presented Component Units

The combining statements for the discretely presented component units identify the County's other component units and include their financial data. On the statement of net position and the statement of activities, these discretely presented component units 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 Natrona County 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.

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 Public Library. The Foundation is a legally separate entity which does not issue separate financial statements.

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 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 public officials, the public at-large, and representatives of the 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.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Discretely Presented Component Units (Continued)

The Friends of Community Action Partnership is reported as a component unit of CAP as it raises and holds economic resources for the direct benefit of CAP. The Friends of Community Action Partnership is a legally separate entity which does not issue separate financial statements.

The Natrona County International 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 Airport submits their proposed operating budget to the County Commissioners. 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.

Government-wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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.

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.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Investments

Wyoming Statutes authorize the types of investments in which the District may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, specific mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government. Mutual funds, corporate bonds, and common stocks may be held by the Central Wyoming Sports Foundation Executrust and the Natrona County Public Library Foundation; these entities are not subject to the state statutes which restrict investments to governmental securities. The County's investments consist of government sponsored enterprise securities (GSEs), which are carried at fair value, certificates of deposit and participation in the Wyoming Government Investment Fund (WGIF). WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The fund employs a team of professionals to manage the investments which are comprised of governmental securities meeting state statutory requirements. The value of the County's investments in WGIF equals the proportional value of its WGIF shares of all WGIF assets. Investments in certificates of deposit are carried at cost, which appropriates fair value.

The County maintains an investment pool that is available for use by all funds and component units, as well as outside governmental 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.

The County reviews statements of investments on a monthly basis to identify significant downturns which might affect the fair value measurements of investments.

Endowments

Restricted nonexpendable net position as of June 30, 2018 represents the principal of permanent endowments restricted to investment in perpetuity by donors of the library and fair foundations. Investment earnings, except for changes in fair market value, are expendable to support the purposes designated by the donors.

Receivables, Payables, and Interfund Balances

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, if 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.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Receivables, Payables, and Interfund Balances (Continued)

Property taxes attach as an enforceable lien on the property on January 1. 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.

The County is permitted by Wyoming Statutes to levy up to 12 mils of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2018, was 12 mils, which means the County has levied to the maximum amount available.

Major Taxpayers

The County's 10 largest taxpayers account for over 22% 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 17% of its total tax revenues from these taxpayers.

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, 2018

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (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 and improvements	10 - 40
Machinery and equipment	5 - 20
Library collection	3 - 15
Water and sewage system	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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Wyoming Retirement System ("WRS") plans and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements include a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an increase of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred outflows and deferred inflows of resources as follows:

Unavailable Revenues - Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds may report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position property tax revenue is reported as a deferred inflow of resources in the year a lien attaches to the property.

Pension-Related Amounts – In the government-wide statement of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension expense related to the pension liability. This includes the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other differences between expected and actual experience, as well as changes in assumptions. Deferred outflows for the difference between projected and actual investment earnings are recognized over a period of five years, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

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. Upon termination of employment, employees will be paid for any unused vacation leave at their salary rate up to a maximum of 192 accumulated hours. Regular employees accrue sick leave of one day per month. Accumulation of sick leave is 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 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.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

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 consist of the primary government general fund, the capital projects fund, the special revenue funds, and the discretely presented component units. Annual appropriated budgets are prepared on a basis of estimated cash receipts and cash disbursements. In the case of the general fund, the capital projects fund, the special revenue funds, and the discretely presented component units, unexpended and unencumbered budgeted amounts and budget appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing year.

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing boards of the component units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects all approved budget amendments. Supplemental budget appropriations of \$1,912,037 were approved for the general fund during the year.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. 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, the highest level of authority; 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. Unassigned fund balance of the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

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.

Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on the net position is either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

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, 2018.

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.

Note 2. Deposits and Investments

Primary Government

Deposits are placed with various financial institutions and are carried at cost. As of June 30, 2018, the carrying amount of the County's deposits, including its fiduciary funds, was \$50,402,745 and the bank balance was \$53,390,490. The County also had \$23,175 of petty cash on hand at various locations as of June 30, 2018, which is not on deposit at any financial institution. The difference between the carrying amount and the bank balance is a result of transactions in transit. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution.

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 Federal depository insurance must be collateralized. The County follows state statutes as their credit risk policy for deposits. At June 30, 2018, the County's deposits were fully insured or collateralized as required by statutes.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 2. Deposits and Investments (Continued)

Component Units

At June 30, 2018, the carrying amount of the component units' deposits was \$3,032,625 and the bank balance was \$3,902,135. The component units also held \$2,122 in petty cash on hand at various locations as of June 30, 2018, which is not on deposit at any financial institution. The difference between the carrying amount and the bank balance is a result of transactions in transit. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution.

Investments

As of June 30, 2018, the primary government had the following investments:

Investment Type	Total	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
Natrona County external							
investment pool	\$ 3,628,670	1.50% - 6.50%	\$ 3,628,670	\$ -	\$ -	\$ -	n/a
WGIF - LAP	4,457,389	n/a	4,457,389	-	-	-	AAAm
WGIF - CD	644,000	1.35% to 1.38%	644,000	-	-	-	n/a
GSE mortgage backed securities	6,976,434	1.75% to 2.50%	973,084	3,966,104	-	2,037,246	AA+
Total	\$ 15,706,493		\$ 9,703,143	\$ 3,966,104	\$ -	\$ 2,037,246	

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

Investments - general fund	\$ 14,710,868
Investments - fiduciary fund - Fire Fighters of Natrona County	93,403
Investments - fiduciary funds - Employee Benefit Trust Fund	2,508
Investments - fiduciary funds - Investment Pool Trust Fund	899,714
	<u>\$ 15,706,493</u>

As of June 30, 2018, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
GSE notes	\$ 935,587	.625% to .75%	\$ 169,433	\$ 766,154	\$ -	\$ -	Aaa
GSE mortgage backed securities	297,895	0.50%	173,947	123,948	-	-	Aaa
Mutual funds	2,115,013	n/a	2,115,013	-	-	-	n/a
Natrona County external							
investment pool	637,858	n/a	637,858	-	-	-	n/a
Certificates of deposit	1,485,038	.15% to 1.45%	1,435,596	49,442	-	-	n/a
Total	\$ 5,471,391		\$ 4,531,847	\$ 939,544	\$ -	\$ -	

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 2. Deposits and Investments (Continued)

Investments (Continued)

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

Investments	\$ 1,804,198
Restricted investments	3,667,193
	<u>\$ 5,471,391</u>

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 most 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-sponsored enterprise securities and obligations are not specifically guaranteed by the U. S. Government. However, they are rated Aaa/AA+ by Standard and Poor's and Moody's. Under investment agreements with WGIF, the County has invested in a pool of short term funds which offers complete liquidity; this pool is rated AAAM by Standard and Poor's. The County follows the mandates for allowable investments as prescribed by state statutes as their credit risk policy.

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. The only significant exposure is for securities held by securities brokers or other banks. While the County has no formal policy for custodial credit risk for investments, 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, 2018

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Fair Value of Investments

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the component units are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Government sponsored enterprises (GSE) notes and mortgage backed securities: Valued using quoted prices for identical or similar assets in active markets.

Primary Government Investments

	Investments at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
GSE mortgage backed securities	\$ -	\$ 6,976,434	\$ -	\$ 6,976,434
	\$ -	\$ 6,976,434	\$ -	6,976,434
Other investments reported in the following classifications				
Natrona County external investment pool				3,628,670
WGIF - Liquid asset pool				4,457,389
WGIF - Certificates of deposit				644,000
				\$ 15,706,493

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Fair Value (Continued)

Component Unit Investments

	Investments at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,115,013	\$ -	\$ -	\$ 2,115,013
GSE notes	-	935,587	-	935,587
GSE mortgage backed securities	-	297,895	-	297,895
	\$ 2,115,013	\$ 1,233,482	\$ -	3,348,495
Other investments reported in the following classifications				
Natrona County external investment pool				637,858
Certificates of deposit				1,485,038
Total component unit investments				\$ 5,471,391

At June 30, 2018, the County's investment portfolio includes mortgage backed securities that have fair values highly sensitive to interest rate changes. When interest rates fall, mortgages are refinanced and paid off early. The reduced stream of future interest payments diminishes the value of the investment.

Note 3. Interfund Balances and Transactions

Interfund and intra-entity receivables and payables at June 30, 2018 are as follows:

	Receivable	Payable
General Fund	\$ -	\$ 2,288,110
County Road Construction Fund	908,967	-
Drug Court Fund	139,115	-
Component Units	1,240,028	-
	\$ 2,288,110	\$ 2,288,110

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

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 16,265,656	\$ -	\$ -	\$ 16,265,656
Infrastructure	25,698,770	-	-	25,698,770
Total capital assets not being depreciated	<u>41,964,426</u>	<u>-</u>	<u>-</u>	<u>41,964,426</u>
Capital assets being depreciated				
Buildings	146,022,379	360,523	-	146,382,902
Machinery and equipment	20,899,498	757,224	(33,400)	21,623,322
Hospital assets*	343,908,416	15,045,673	-	358,954,089
Total capital assets being depreciated	<u>510,830,293</u>	<u>16,163,420</u>	<u>(33,400)</u>	<u>526,960,313</u>
Less accumulated depreciation for				
Buildings	99,004,169	1,704,223	-	100,708,392
Machinery and equipment	18,163,941	1,083,000	(31,901)	19,215,040
Hospital assets*	230,597,322	11,431,051	-	242,028,373
Total accumulated depreciation	<u>347,765,432</u>	<u>14,218,274</u>	<u>(31,901)</u>	<u>361,951,805</u>
Total capital assets being depreciated, net	<u>163,064,861</u>	<u>1,945,146</u>	<u>(1,499)</u>	<u>165,008,508</u>
Capital assets, net	<u>\$ 205,029,287</u>	<u>\$ 1,945,146</u>	<u>\$ (1,499)</u>	<u>\$ 206,972,934</u>

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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	\$ 1,087,592
Public safety	1,146,636
Public works	447,233
Health and welfare	25,000
Conservation of natural resources	80,762
Hospital	11,431,051
Total depreciation expense - governmental activities	\$ 14,218,274

Component Units

Capital asset activity for each component unit for the year ended June 30, 2018 follows.

Capital asset activity for the Natrona County Weed and Pest Control for the year ended June 30, 2018 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 419,077	\$ -	\$ -	\$ 419,077
Machinery and equipment	636,230	6,684	(8,424)	634,490
Total capital assets being depreciated	1,055,307	6,684	(8,424)	1,053,567
Less accumulated depreciation for				
Buildings and improvements	177,707	11,703	-	189,410
Machinery and equipment	481,004	40,727	(8,424)	513,307
Total accumulated depreciation	658,711	52,430	(8,424)	702,717
Capital assets, net	\$ 396,596	\$ (45,746)	\$ -	\$ 350,850

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Public Library for the year ended June 30, 2018 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,545,080	\$ -	\$ -	\$ 1,545,080
Rare book collection	716,800	9,000	-	725,800
Total capital assets not being depreciated	<u>2,261,880</u>	<u>9,000</u>	<u>-</u>	<u>2,270,880</u>
Capital assets being depreciated				
Machinery and equipment	768,045	21,020	(13,000)	776,065
Library collection	3,210,116	185,635	(129,601)	3,266,150
Total capital assets being depreciated	<u>3,978,161</u>	<u>206,655</u>	<u>(142,601)</u>	<u>4,042,215</u>
Less accumulated depreciation for				
Machinery and equipment	667,017	59,231	(11,700)	714,548
Library collection	2,276,527	271,686	(129,601)	2,418,612
Total accumulated depreciation	<u>2,943,544</u>	<u>330,917</u>	<u>(141,301)</u>	<u>3,133,160</u>
Total capital assets being depreciated, net	<u>1,034,617</u>	<u>(124,262)</u>	<u>(1,300)</u>	<u>909,055</u>
Capital assets, net	<u>\$ 3,296,497</u>	<u>\$ (115,262)</u>	<u>\$ (1,300)</u>	<u>\$ 3,179,935</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Fair for the year ended June 30, 2018, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 5,295	\$ -	\$ 5,295
Total capital assets not being depreciated	-	5,295	-	5,295
Capital assets being depreciated				
Buildings and improvements	6,594,231	-	-	6,594,231
Machinery and equipment	1,642,805	-	-	1,642,805
Total capital assets being depreciated	8,237,036	-	-	8,237,036
Less accumulated depreciation for				
Buildings and improvements	3,562,619	164,856	-	3,727,475
Machinery and equipment	946,183	79,127	-	1,025,310
Total accumulated depreciation	4,508,802	243,983	-	4,752,785
Total capital assets being depreciated	3,728,234	(243,983)	-	3,484,251
Capital assets, net	<u>\$ 3,728,234</u>	<u>\$ (238,688)</u>	<u>\$ -</u>	<u>\$ 3,489,546</u>

Buildings and improvements for the Natrona County Fair includes a facility that was acquired under capital leases in the amount of \$3,421,693, with associated accumulated amortization of \$1,496,991. The related amortization expense of \$85,542 has been included in annual depreciation expense.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the City of Casper/Natrona County Health Department for the year ended June 30, 2018, was as follows:

	Beginning Balance Restated	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Machinery and equipment	\$ 630,504	\$ 102,230	\$ -	\$ 732,734
Total capital assets being depreciated	<u>630,504</u>	<u>102,230</u>	<u>-</u>	<u>732,734</u>
Less accumulated depreciation for				
Machinery and equipment	473,006	50,558	-	523,564
Total accumulated depreciation	<u>473,006</u>	<u>50,558</u>	<u>-</u>	<u>523,564</u>
Capital assets, net	<u>\$ 157,498</u>	<u>\$ 51,672</u>	<u>\$ -</u>	<u>\$ 209,170</u>

Capital asset activity for the Community Action Partnership of Natrona County for the year ended June 30, 2018, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Building improvements	\$ 82,003	\$ -	\$ -	\$ 82,003
Machinery and equipment	185,675	12,074	-	197,748
Total capital assets being depreciated	<u>267,678</u>	<u>12,074</u>	<u>-</u>	<u>279,751</u>
Less accumulated depreciation for				
Building improvements	20,558	1,857	-	22,415
Machinery and equipment	166,817	7,873	-	174,690
Total accumulated depreciation	<u>187,375</u>	<u>9,730</u>	<u>-</u>	<u>197,105</u>
Capital assets, net	<u>\$ 80,303</u>	<u>\$ 2,344</u>	<u>\$ -</u>	<u>\$ 82,646</u>

Equipment for the Community Action Partnership of Natrona County includes equipment that was acquired under capital leases in the amount of \$16,500, with associated accumulated amortization of \$16,500. The related amortization expense of \$3,300 has been included in annual depreciation expense.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County International Airport for the year ended June 30, 2018, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 4,146,968	\$ -	\$ -	\$ 4,146,968
Construction in progress	4,751,890	10,823,920	(269,089)	15,306,721
Total capital assets not being depreciated	<u>8,898,858</u>	<u>10,823,920</u>	<u>(269,089)</u>	<u>19,453,689</u>
Capital assets being depreciated				
Buildings and improvements	92,740,010	268,168	-	93,008,178
Machinery and equipment	5,590,653	1,108,251	-	6,698,904
Water and sewage system	830,928	-	-	830,928
Total capital assets being depreciated	<u>99,161,591</u>	<u>1,376,419</u>	<u>-</u>	<u>100,538,010</u>
Less accumulated depreciation for				
Buildings and improvements	64,832,564	2,499,213	-	67,331,777
Machinery and equipment	4,488,083	457,812	-	4,945,895
Water and sewage system	789,482	2,917	-	792,399
Total accumulated depreciation	<u>70,110,129</u>	<u>2,959,942</u>	<u>-</u>	<u>73,070,071</u>
Total capital assets being depreciated, net	<u>29,051,462</u>	<u>(1,583,523)</u>	<u>-</u>	<u>27,467,939</u>
Capital assets, net	<u>\$ 37,950,320</u>	<u>\$ 9,240,397</u>	<u>\$ (269,089)</u>	<u>\$ 46,921,628</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. County Debt

The Wyoming Constitution (Article 16 §3) limits the amount of indebtedness for any County to be not more than two percent of the last general assessment. This limit was \$23,643,088 at June 30, 2018. The County had \$4,765,000 in 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, 2018:

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Primary Government					
Certificates of participation	\$ 5,390,000	\$ -	\$ 625,000	\$ 4,765,000	\$ 635,000
Compensated absences	1,153,914	1,119,537	1,153,914	1,119,537	9,483
Net pension liability	14,540,326	-	360,252	14,180,074	-
Total debt	<u>21,084,240</u>	<u>1,119,537</u>	<u>2,139,166</u>	<u>20,064,611</u>	<u>644,483</u>
Original issue premium	83,610	-	9,465	74,145	9,465
	<u>\$ 21,167,850</u>	<u>\$ 1,119,537</u>	<u>\$ 2,148,631</u>	<u>\$ 20,138,756</u>	<u>\$ 653,948</u>

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

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Component Units					
Note payable	\$ 1,462,326	\$ -	\$ 86,531	\$ 1,375,795	\$ 175,858
Capital lease obligations	3,937	-	3,371	566	566
Compensated absences	419,870	21,173	8,174	432,869	564
Net pension liability	<u>8,723,097</u>	<u>297,662</u>	<u>404,009</u>	<u>8,616,751</u>	<u>-</u>
	<u>\$ 10,609,230</u>	<u>\$ 318,835</u>	<u>\$ 502,085</u>	<u>\$ 10,425,981</u>	<u>\$ 176,988</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. County Debt (Continued)

Primary Government, Certificates of Participation

During 2014, the County issued Certificates of Participation for a current refunding of Certificates of Participation previously issued in 2004 to finance the expansion and renovations of the Natrona County Detention Center. The refunding was undertaken to reduce future debt service payments; reducing interest requirements by approximately \$981,000, the 2004 certificates were redeemed and fully discharged with the refunding. A summary of the outstanding Certificates of Participation as of June 30, 2018 is as follows:

Certificates of participation series 2014, due in remaining annual installments of \$635,000 to \$735,000 through June 2025, interest at 3.0% to 4.0%, original amount issued \$7,900,000 at premium of \$113,584.	\$ 4,765,000
	\$ 4,765,000

Scheduled principal and interest requirements as of June 30, 2018 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 635,000	\$ 122,475	\$ 757,475
2020	650,000	109,775	759,775
2021	665,000	96,775	761,775
2022	680,000	80,150	760,150
2023	695,000	62,300	757,300
2024-2025	1,440,000	64,369	1,504,369
	\$ 4,765,000	\$ 535,844	\$ 5,300,844

The balances above do not include the unamortized premium in the amount of \$74,145 that is reported as a component of the certificates of participation.

Component Units, Note Payable

A summary of the note payable for the Natrona County International Airport as of June 30, 2018 is as follows:

Note payable to a government agency, payable in annual installments of \$155,397 including interest at 5%, matures January 2029.	\$ 1,293,384
Note payable to a government agency, payable in one installment of \$86,782 including interest at 2%, matures March 2019.	82,411
Total notes payable	1,375,795
Less current portion	(175,858)
Total non current portion	\$ 1,199,937

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. County Debt (Continued)

Component Units, Note Payable (Continued)

Scheduled principal and interest requirements as of June 30, 2018 are as follows:

Fiscal year ending, June 30	Principal	Interest	Total
2019	\$ 175,858	\$ 66,321	\$ 242,179
2020	95,400	59,997	155,397
2021	100,171	55,226	155,397
2022	105,179	50,218	155,397
2023	110,438	44,959	155,397
2024-2028	640,752	136,235	776,987
2029	147,997	7,400	155,397
	<u>\$ 1,375,795</u>	<u>\$ 420,356</u>	<u>\$ 1,796,151</u>

Component Units, Capital Lease Payable

A summary of the capital leases for Community Action Partnership of Natrona County (CAP) as of June 30, 2018 is as follows:

Lease/buy back obligation on copier, due in monthly installments of \$283, including interest at 1.18%, through August 2018, collateralized by the copier	\$ 566
	<u>\$ 566</u>

Future minimum lease payments as of June 30, 2018 are as follows:

<u>Year ended June 30,</u>	Total
2019	\$ 567
Less amount representing interest	1
Present value of minimum lease payments	<u>\$ 566</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. 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 certain capital assets of the Landlord 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.

Services provided and payments in lieu of rent for the years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Indigent and prisoner care	\$ 16,137,701	\$ 16,835,641
Property insurance	580,828	542,084
	<u>\$ 16,718,529</u>	<u>\$ 17,377,725</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, 2018

Note 7. Revenue Bonds

In February 2011, the Wyoming Medical 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 \$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, 2018, \$2,225,000 of principal on the Series 2011 was outstanding. This obligation is not included on the balance sheet of the County since the County is not obligated in any manner for repayment of the bonds.

In fiscal year 2018, the Wyoming Medical Center (the Center) refinanced its Series 2011 Hospital Revenue Bonds through the issuance of the Series 2017 Hospital Revenue Refunding Bonds and a \$3,000,000 contribution from the Medical Center. As part of this transaction, \$14,105,000 of the Series 2011 Hospital Revenue Bonds were retired. As a result of the transaction, the Medical Center recognized a loss on refinancing of long-term debt of \$2,303,873 for the fiscal year ending June 30, 2018. As of June 30, 2018, \$11,845,000 of principal on the Series 2011 was outstanding. This obligation is not included on the balance sheet of the County since the County is not obligated in any manner for repayment of the bonds

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 \$281,645 as of June 30, 2018, as beneficial interest in assets held by others.

Note 9. Defined Benefit Pension Plans

All eligible County employees are covered under one of the following pension plans:

Public Employees' Pension Plan

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. Substantially all County full-time employees are eligible to participate.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Public Employees' Pension Plan (Continued)

PEPP members are required to contribute 8.25% of their annual covered salary and the County is required to contribute 8.37%, of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 15.37% of the annual covered payroll and employees pay the remaining 1.25%. As of September 1, 2018, the statutory employer contribution rate will increase by 0.25% and the statutory employee contribution rate will increase by 0.25%.

The County's contributions to the PEPP for the years ended June 30, 2018, 2017, and 2016, were \$1,207,685, \$1,223,857, and \$1,283,431, while the employees' portion was \$98,218, \$99,533, and \$104,378, respectively, equal to the required contributions for each year.

The Weed and Pest, the Fair and the Health Department component units currently pay all of the required employee's contribution. The Library pays 16.12% of the annual covered payroll and the employees pay the remaining 0.50%. Community Action Partnership pays 13.94% of the annual covered payroll and the employees pay the remaining 2.68%. The component units' contributions to the System, excluding the Airport, for the years ended June 30, 2018, 2017, and 2016, were \$732,163, \$746,490, and \$753,540, while the employees' portion was \$28,686, \$28,958, and \$22,730, 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, 2018, 2017, and 2016, were \$186,396, \$184,228, and \$174,032, respectively, equal to the required contributions for each year for regular employees, respectively, for each year. The Airport also pays 100 percent of the full required contribution which is 16.62% for regular employees.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2, the plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire on the basis that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability, and death benefits according to predetermined formulas and allows retirees to select one of seven methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Law Enforcement Pension Plan (Continued)

The County participates in the Law Enforcement Pension Plan ("LEPP"), a state-wide, cost-sharing, multiple-employer defined benefit, contributory plan administered by the State of Wyoming Retirement System Board. The LEPP covers any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts primarily determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the LEPP at any time and receive refunds of participant contributions plus accumulated interest.

The LEPP is funded by amounts withheld from participating employees' salaries and by contributions from the County. These contributions are determined by state statutes and as of June 30, 2018, the percentages to be contributed on compensation were 8.60% for the employees and the same for the County. Currently, the County pays 13.42% of the covered payroll, while employees pay the remaining 3.78%.

For the years ended June 30, 2018, 2017, and 2016, total contributions for the LEPP were \$1,264,549, \$1,276,291, and \$1,277,699 respectively, equal to the required contributions for each year. The County's portion of these contributions was \$995,804, \$995,804, and \$996,903, while the employees' portion was \$268,745, \$280,487 and \$280,796, equal to the required contributions for each year.

Paid Firemen's Pension Fund

The Natrona County International Airport ("Airport") participates in the Paid Firemen's Pension Fund ("Fund"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. All paid Airport firemen are eligible to participate. The Fund is comprised of two plans. Plan A relates to members hired prior to July 1, 1981 and Plan B relates to members hired on or after July 1, 1981 (and any earlier hires electing this plan).

Plan A statutorily required participants to contribute 8% of their salary, while employers were required to contribute 21% of their salary. Effective April 1, required contributions were suspended as Plan A had been determined to be actuarially over-funded. This plan is being reviewed to determine the appropriate measures to take to ensure this plan is adequately funded, as it is a closed plan.

Plan A statutorily provides retirement, disability and death benefit according to a percentage of a fireman first class salary. Plan A also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following twelve (12) months of payments, by at least 3%. In the event the current actuarial valuation indicates the fair value of assets is greater than one hundred fifteen percent (115%) of the actuarial value of liabilities, the Board may increase the benefit by an amount determined affordable by the actuary but not greater than five percent (5%) of the benefit. Participants may withdraw from Plan A at any time and receive refunds of participant contributions without interest.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Paid Firemen's Pension Fund (Continued)

Plan B provides retirement, disability and death benefits according to predetermined formulas. Any costs of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the plan at any time and receive refunds of participant contributions without interest.

Under Plan B, participants contribute 9.245% of their gross monthly salary and the employer contributes 12% of the participant's gross monthly salary. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Airport currently pays 100% of the required employee's contribution. The Airport's contributions to the plan for the years ended June 30, 2018, 2017, and 2016, were \$82,968, \$85,393, and \$100,999, respectively, which were equal to the required contributions for those years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a liability of \$14,180,074 for its proportionate share of the net pension liability. The County's component units: Weed and Pest, Library, Fair, Health Department, Community Action Partnership, and Airport reported \$518,173, \$1,791,627, \$478,790, \$2,078,265, \$1,117,383 and \$2,632,513, respectively, for their proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2017, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2017 is based on the results of an actuarial valuation as of January 1, 2017, rolled forward to a measurement date of December 31, 2017, and taking into consideration information from the recent experience study.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The schedule below shows the County's and each of its component units' liability proportionate share of the net pension liability at June 30, 2018, the proportionate portion at the measurement date of December 31, 2017, and the change in the proportion from the previous measurement date:

	Pension liability at June 30, 2018	Proportion at December 31, 2017	Increase (decrease) from December 31, 2016
Primary Government			
Public Employees' Pension Plan	\$ 10,163,214	0.445883975%	(0.008084725%)
Law Enforcement Pension Plan	4,016,860	4.668355203%	(0.054840997%)
	<u>\$ 14,180,074</u>		
Component Units			
Public Employees' Pension Plan			
Natrona County Weed and Pest Control	\$ 518,173	0.022733463%	0.001868863%
Natrona County Public Library	1,791,627	0.078602886%	(0.000217614%)
Natrona County Fair Board	478,790	0.021005648%	(0.002130652%)
Natrona County City of Casper Health Department	2,078,265	0.091178334%	(0.003460166%)
County Community Action Partnership of Natrona County	1,117,383	0.049022197%	0.005601897%
Natrona County International Airport	1,462,088	0.061410000%	0.000110000%
Paid Firemen's Retirement Plan A			
Natrona County International Airport	546,007	0.244200000%	0.002200000%
Paid Firemen's Retirement Plan B			
Natrona County International Airport	624,418	1.514300000%	(0.041700000%)
	<u>\$ 8,616,751</u>		

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the County and its component units Weed and Pest, Library, Fair, Health Department, Community Action Partnership, and the Airport recognized pension expense of \$4,151,977 and \$1,961,340, respectively. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PEPP		LEPP		Total	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
<i>Primary Government</i>						
Net difference between projected and actual earnings on pension plan investments	\$ 1,348,990	\$ (1,658,395)	\$ 1,100,297	\$ (1,458,072)	\$ 2,449,287	\$ (3,116,467)
Changes in assumptions	987,524		1,894,481	-	2,882,005	
Difference between actual and expected experience rate	-	(360,674)	31,983	(343,905)	31,983	(704,579)
Change in employer's proportion	-	(261,244)	185	(28,048)	185	(289,292)
Amortizing deferred outflows and deferred inflows	2,336,514	(2,280,313)	3,026,946	(1,830,025)	5,363,460	(4,110,338)
Contributions subsequent to the measurement date	656,968	-	606,785	-	1,263,753	-
Total	\$ 2,993,482	\$ (2,280,313)	\$ 3,633,731	\$ (1,830,025)	\$ 6,627,213	\$ (4,110,338)

The component units of the County reported deferred outflows and deferred inflows related to pensions from the following sources:

	Natrona County Weed and Pest		Natrona County Public Library		Natrona County Fair	
	Control		PEPP		PEPP	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
Net difference between projected and actual earnings on pension plan investments	\$ 51,698	\$ (84,553)	\$ 228,824	\$ (292,351)	\$ 63,943	\$ (78,128)
Changes in assumptions	50,349	-	174,086	-	46,522	-
Difference between actual and expected experience rate	-	(16,919)	-	(62,837)	-	(17,357)
Change in employer's proportion	58,444	(5,816)	816	(8,415)	9,511	(34,322)
Amortizing deferred outflows and deferred inflows	160,491	(107,288)	403,726	(363,603)	119,976	(129,807)
Contributions subsequent to the measurement date	32,843	-	110,342	-	30,713	-
Total	\$ 193,334	\$ (107,288)	\$ 514,068	\$ (363,603)	\$ 150,689	\$ (129,807)

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	City of Casper/Natrona County Health Department		Community Action Partnership of Natrona County	
	PEPP		PEPP	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
Net difference between projected and actual earnings on pension plan investments	\$ 275,545	\$ (339,124)	\$ 113,260	\$ (182,330)
Changes in assumptions	201,938	-	108,572	
Difference between actual and expected experience rate	-	(73,958)	-	(36,441)
Change in employer's proportion	25	(80,518)	137,961	-
Amortizing deferred outflows and deferred inflows	477,508	(493,600)	359,793	(218,771)
Contributions subsequent to the measurement date	136,576	-	66,246	-
Total	<u>\$ 614,084</u>	<u>\$ (493,600)</u>	<u>\$ 426,039</u>	<u>\$ (218,771)</u>

	Natrona County International Airport					
	PEPP		Fire A		Fire B	
	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows	Deferred outflows	Deferred inflows
Net difference between projected and actual earnings on pension plan investments	\$ 174,597	\$ (238,578)	\$ 13,916	\$ (15,062)	\$ 87,325	\$ (107,698)
Difference between actual and expected experience rate	-	(49,939)	-	-	1,323	(30,027)
Difference due to changes in assumptions	142,066	-	-	-	443,043	(17,518)
Change in employer's proportion	61,706	(4,500)	-	-	776	(13,655)
Amortizing deferred outflows and deferred inflows	378,369	(293,017)	13,916	(15,062)	532,467	(168,898)
Contributions subsequent to the measurement date	91,551	-	-	-	39,298	-
Total	<u>\$ 469,920</u>	<u>\$ (293,017)</u>	<u>\$ 13,916</u>	<u>\$ (15,062)</u>	<u>\$ 571,765</u>	<u>\$ (168,898)</u>

Natrona County International Airport reported total deferred outflows of \$1,055,601 and total deferred inflows of \$476,977 at June 30, 2018.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The County and its component units reported \$1,263,753 and \$507,569, respectively, as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Primary Government

Year ended June 30,	PEPP		LEPP		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
2019	\$ 1,052,682	\$ (715,877)	\$ 1,130,192	\$ (474,312)	\$ 2,182,874	\$ (1,190,189)
2020	882,270	(616,372)	988,142	(474,141)	1,870,412	(1,090,513)
2021	341,378	(514,094)	532,305	(464,542)	873,683	(978,636)
2022	60,184	(433,970)	376,307	(417,030)	436,491	(851,000)
	<u>\$ 2,336,514</u>	<u>\$ (2,280,313)</u>	<u>\$ 3,026,946</u>	<u>\$ (1,830,025)</u>	<u>\$ 5,363,460</u>	<u>\$ (4,110,338)</u>

Component Units

Year ended June 30,	Natrona County Weed and Pest Control		Natrona County Public Library		Natrona County Fair	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
2019	\$ 69,237	\$ (35,096)	\$ 181,240	\$ (108,696)	\$ 54,879	\$ (40,039)
2020	60,110	(26,244)	151,782	(94,776)	46,055	(34,962)
2021	26,310	(24,211)	60,094	(84,769)	16,207	(32,708)
2022	4,834	(21,737)	10,609	(75,362)	2,835	(22,098)
	<u>\$ 160,491</u>	<u>\$ (107,288)</u>	<u>\$ 403,725</u>	<u>\$ (363,603)</u>	<u>\$ 119,976</u>	<u>\$ (129,807)</u>

Year ended June 30,	City of Casper/Natrona County Health Department		Community Action Partnership of Natrona County		Natrona County International Airport	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
2019	\$ 216,035	\$ (166,145)	\$ 158,179	\$ (63,250)	\$ 291,533	\$ (129,195)
2020	179,230	(123,112)	125,456	(56,439)	256,152	(114,392)
2021	69,936	(113,893)	64,249	(52,209)	142,087	(108,424)
2022	12,307	(90,450)	11,909	(46,873)	85,938	(101,442)
2023	-	-	-	-	74,025	(9,323)
Thereafter	-	-	-	-	75,017	(14,201)
	<u>\$ 477,508</u>	<u>\$ (493,600)</u>	<u>\$ 359,793</u>	<u>\$ (218,771)</u>	<u>\$ 924,752</u>	<u>\$ (476,977)</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2017 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Public Employee Pension Plan

Actuarial Assumptions and Methods

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 6.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 1 year with a 104% multiplier Females: No set back with a 90% multiplier
Pre-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 5 years with a 104% multiplier Females: Set back 4 years with a 90% multiplier

Paid Fire A Pension Plan

Actuarial Assumptions and Methods

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% including inflation
Payroll growth rate	3.25%
Cost of living increase	3.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: No set back with a 104% multiplier Females: Set forward 1 year with a 90% multiplier
Pre-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 4 years with a 104% multiplier Females: Set back 3 years with a 90% multiplier

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

Paid Fire B Pension Plan

Actuarial Assumptions and Methods

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 7.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: No set back with a 104% multiplier Females: Set forward 1 year with a 90% multiplier
Pre-retirement mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 4 year with a 104% multiplier Females: Set back 3 years with a 90% multiplier

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2017. In addition, an experience study was conducted covering the five-year period ending December 31, 2016, and information from this study was considered in measuring the pension liability at December 31, 2017. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans' target allocation as of January 1, 2018, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Long-Term Expected Arithmetic Real of Return</u>
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
Total	<u>100.00%</u>	<u>3.85%</u>	<u>5.27%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). However, for the Paid Firemen's Retirement Fund Plan B, the discount rate was changed from 6.59% in the prior valuation to 5.65% for the current valuation. The discount rate for the Paid Fireman's Retirement Fund Plan A was changed from 4.38% to 3.75%.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Defined Benefit Pension Plans (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate. Differences in the Fire Pension Plans A and B are noted below.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
Primary Government			
Public Employees' Pension Plan	\$ 15,360,574	\$ 10,163,214	\$ 5,828,690
Wyoming Law Enforcement Retirement Plan	8,621,396	4,016,860	268,391
Component Units			
Natrona County Weed and Pest Public Employees' Pension Plan	783,161	518,173	297,177
Natrona County Library Public Employees' Pension Plan	2,707,847	1,791,627	1,027,514
Natrona County Fair Board Public Employees' Pension Plan	723,639	478,790	274,590
Natrona County City of Casper Health Department Public Employees' Pension Plan	3,141,067	2,078,265	1,191,903
Natrona County Community Action Partnership Public Employees' Pension Plan	1,688,801	1,117,383	640,829
Natrona County International Airport Public Employees' Pension Plan	2,209,784	1,462,088	838,520
	<u>2.75%</u>	<u>3.75%</u>	<u>4.75%</u>
Fire Pension Plan A	\$ 674,438	\$ 546,007	\$ 443,360
	<u>4.65%</u>	<u>5.65%</u>	<u>6.65%</u>
Fire Pension Plan B	\$ 1,067,079	\$ 624,418	\$ 291,607

Payables to the Pension Plans – At June 30, 2018, the County reported \$210,444 as payable to the pension plans.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 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	Other Nonmajor Funds	Totals
Fund balances				
Nonspendable				
Inventory	\$ 67,022	\$ -	\$ -	\$ 67,022
Restricted for				
Road construction	-	908,967	-	908,967
Drug court	-	-	139,115	139,115
Lake water and sewer	107,481	-	-	107,481
Bureau of Reclamation lake	2,476,180	-	-	2,476,180
Committed to				
Perpetual care of one cent projects	2,184,240	-	-	2,184,240
Natrona County Detention Center Joint Powers Board	-	-	38,226	38,226
Hall of Justice Joint Powers Board	-	-	83,956	83,956
County roads	7,596,083	-	-	7,596,083
Assigned to				
Emergency reserves	7,324,833	-	-	7,324,833
Planned capital projects	16,425,049	-	-	16,425,049
Unassigned	5,402,506	-	-	5,402,506
Totals	<u>\$ 41,583,394</u>	<u>\$ 908,967</u>	<u>\$ 261,297</u>	<u>\$ 42,753,658</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. Deficit Net Position

At June 30, 2018, the component units of the County had an unrestricted deficit in the amount of \$428,643, \$286,153, \$907,275, and \$702,524 in the Natrona County Public Library, Natrona County Fair, the City of Casper/Natrona County Health Department, and Community Action Partnership of Natrona County, respectively. These deficits were the direct result of recognizing the net pension liability.

Note 13. 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 14. 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 17.4% of the total payroll of all participants in the pool. The Coverage limit is \$21,000,000, 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 \$498,475 and \$483,939 for the years ended June 30, 2018 and 2017, 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 2018 and 2017 were \$416,660 and \$427,141, respectively.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 14. Risk Management Programs (Continued)

The County also provides health care benefits for primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$100,000 per year. Premiums paid for stop-loss insurance were \$729,237 and \$388,926 respectively, for the years ended June 30, 2018 and 2017. 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, 2018 and 2017 are as follows:

	2018	2017
Health care risk management liability, beginning of year	\$ 515,000	\$ 332,500
Claims incurred	(5,247,705)	(5,260,724)
Claims paid	4,980,205	5,443,224
Health care risk management liability, end of year	\$ 247,500	\$ 515,000

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, 2018.

Note 15. 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 Net Position				
Investments	\$ 2,728,956	\$ 637,858	\$ 899,714	\$ 4,266,528
Net position, restricted for external pool participants	-	-	899,714	899,714
Net position, unrestricted	2,728,956	637,858	-	3,366,814
Total net position	\$ 2,728,956	\$ 637,858	\$ 899,714	\$ 4,266,528

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. Investment Pool (Continued)

	Primary Government	Component Units	External Participants	Total
Statement of Changes in Net Position				
Investment income	\$ (37,902)	\$ 8,499	\$ 8,837	\$ (20,566)
Contributions from participants	-	-	600,000	600,000
Distributions to participants	-	-	(630,000)	(630,000)
Change in net position	(37,902)	8,499	(21,163)	(50,566)
Net position, beginning	2,766,858	629,359	920,877	4,317,094
Net position, ending	<u>\$ 2,728,956</u>	<u>\$ 637,858</u>	<u>\$ 899,714</u>	<u>\$ 4,266,528</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, 2018, 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, 2018:

	Carrying Value	Fair Value
Cash deposits	\$ 732,575	\$ 732,575
FHLB notes, interest rates at 1.5 %, maturing 2027	2,142,724	2,024,869
FNMA mortgage backed securities, interest rates from 1.25% to 2.50%, maturing 2019 to 2032	255,000	250,415
FHLMC note, interest at 1.0%, maturing 2021	1,290,006	1,222,459
GNMA pass thru pool, interest at 4.5%, maturing 2023	34,311	35,805
FNMA pass thru pool, interest at 6.5%, maturing 2026	368	405
Total investments	<u>\$ 4,454,984</u>	<u>\$ 4,266,528</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 16. Related Organizations

The County provided revenues to various component units during the fiscal year ended June 30, 2018. Following are the amounts provided and the associated amounts payable to these component units as of June 30, 2018.

	Revenues Provided	Amounts Payable June 30, 2018
Natrona County Weed and Pest Control	\$ -	\$ 1,219,530
Natrona County Fair	696,026	-
Natrona County Public Library	2,414,721	-
City of Casper/Natrona County Health Department	585,000	-
Community Action Partnership of Natrona County	160,436	-

Note 17. Accounting Standards Issued, But Not Implemented

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement 84 provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position. Statement 84 also describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds; investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement. This Statement is effective for reporting periods beginning after December 15, 2018. Management has not concluded its assessment of the effect of implementing this guidance.

Governmental Accounting Standards Board Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this standard, government lessors must recognize (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements (a) lease revenue recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable; and (c) note disclosures about the lease. This standard is effective for reporting periods beginning after December 15, 2019. Management has not concluded its assessment of the effect of implementing this guidance.

Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, establishes accounting and financial reporting requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of the Statement are effective for reporting periods beginning after June 15, 2018. Management has not concluded its assessment of the effect of implementing this guidance.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 18. Subsequent Events

In October, 2018 the County awarded a contract to a construction company for \$1,302,948 to load and haul 39,112 tons of crushed road base to 33 Mile Road.

In October, 2018 the County awarded a contract to a construction company for \$825,755 for a Full Hook-Up RV Campground at Alcova.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018
(Unaudited)

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 of paved roads completed in fiscal year 2017 and gravel roads completed in fiscal year 2015. 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
0 - 39	Less than 3 years	Very high - total reconstruction with subgrade preparation

Gravel Roads		
Surface Condition No.	Relative Remaining Life Prior to Rehabilitation	Maintenance/Rehabilitation Required
85 - 100	12 to 15 years	Minimal - some grading
80 - 84	10 to 12 years	Some - moderate grading
70 - 79	8 to 10 years	Thick to thin layer of gravel and potential for some sub base reconstruction and recompaction
60 - 69	6 to 8 years	Potential reshaping, gravel and recompaction
40 - 59	3 to 6 years	Some sub base reconstruction, gravel and recompaction
0 - 39	Less than 3 years	Total sub base reconstruction, reshaping, gravel and reconstruction

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 assessment of paved roads in 2017 was performed by the Wyoming Technology Transfer Center. This resulted in condition categories which differed from the prior year. The number of miles of paved and gravel rated standard and substandard are as follows:

See accompanying notes to required supplementary information

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

June 30, 2018

(Unaudited)

Infrastructure Assets Reported Using the Modified Approach (Continued)

2018 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	3	2.2%	1	0.4%	n/a	n/a
80 - 84	n/a	n/a	8	2.9%	n/a	n/a
70 - 85	48	35.8%	n/a	n/a	n/a	n/a
70 - 79	n/a	n/a	43	15.4%	n/a	n/a
Sub-standard						
Less than 70	83	61.9%	n/a	n/a	n/a	n/a
60 - 69	n/a	n/a	64	22.6%	n/a	n/a
40 - 59	n/a	n/a	110	38.9%	n/a	n/a
0 - 39	n/a	n/a	56	19.8%	n/a	n/a
Unimproved	n/a	n/a	n/a	n/a	352	100%
	134	100%	282	100%	352	100%
2017 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	3	2.2%	1	0.4%	n/a	n/a
80 - 84	n/a	n/a	8	2.9%	n/a	n/a
70 - 85	48	35.8%	n/a	n/a	n/a	n/a
70 - 79	n/a	n/a	43	15.4%	n/a	n/a
Sub-standard						
Less than 70	83	61.9%	n/a	n/a	n/a	n/a
60 - 69	n/a	n/a	64	22.6%	n/a	n/a
40 - 59	n/a	n/a	110	38.9%	n/a	n/a
0 - 39	n/a	n/a	56	19.8%	n/a	n/a
Not evaluated	n/a	n/a	n/a	n/a	n/a	n/a
Unimproved	n/a	n/a	n/a	n/a	352	100%
	134	100%	282	100%	352	100%
2016 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	30	21.4%	1	0.4%	n/a	n/a
80 - 84	n/a	n/a	8	2.9%	n/a	n/a
70 - 85	29	20.7%	n/a	n/a	n/a	n/a
70 - 79	n/a	n/a	43	15.4%	n/a	n/a
Sub-standard						
Less than 70	76	54.3%	n/a	n/a	n/a	n/a
60 - 69	n/a	n/a	64	22.6%	n/a	n/a
40 - 59	n/a	n/a	110	38.9%	n/a	n/a
0 - 39	n/a	n/a	56	19.8%	n/a	n/a
Not evaluated	5	3.6%	n/a	n/a	n/a	n/a
Unimproved	n/a	n/a	n/a	n/a	352	100%
	140	100%	282	100%	352	100%

See accompanying notes to required supplementary information

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NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

June 30, 2018

(Unaudited)

Infrastructure Assets Reported Using the Modified Approach (Continued)

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

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

Condition Rating	2018		2017		2016	
	Bridges	Percent	Bridges	Percent	Bridges	Percent
Acceptable (80 to 100 points)	12	50%	12	50%	12	50%
Borderline (50 to 80 points)	6	25%	6	25%	6	25%
Deficient (less than 50 points)	6	25%	6	25%	6	25%
	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>

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

	2018	2017	2016	2015	2014
Estimated maintenance and preservation expenditures	\$ 6,228,252	\$ 11,372,123	\$ 13,868,932	\$ 10,854,717	\$ 3,958,625
Actual maintenance and preservation expenditures	<u>3,684,096</u>	<u>3,927,347</u>	<u>8,292,729</u>	<u>4,484,356</u>	<u>3,717,206</u>
	<u>\$ (2,544,156)</u>	<u>\$ (7,444,776)</u>	<u>\$ (5,576,203)</u>	<u>\$ (6,370,361)</u>	<u>\$ (241,419)</u>

See accompanying notes to required supplementary information

NATRONA COUNTY, WYOMING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years (Unaudited)

<i>Primary Government</i>	2018	2017	2016	2015
Public Employees Pension Plan				
Proportion of the net pension liability	0.445883975%	0.453968700%	0.468401280%	0.471110030%
Proportionate share of the net pension liability	\$ 10,163,214	\$ 10,974,694	\$ 10,910,696	\$ 8,313,642
Covered payroll	\$ 7,920,583	\$ 8,093,832	\$ 8,169,264	\$ 8,053,213
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Law Enforcement Pension Plan				
Proportion of the net pension liability	4.668355203%	4.723196200%	4.722061512%	4.866427377%
Proportionate share of the net pension liability	\$ 4,016,860	\$ 3,565,632	\$ 3,547,210	\$ 1,433,828
Covered payroll	\$ 7,168,123	\$ 7,310,525	\$ 7,101,968	\$ 7,192,134
Proportionate share of the net pension liability as a percentage of its covered payroll	56.04%	48.77%	49.95%	19.94%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	88.11%	87.49%	94.76%
Component Units				
Public Employees Pension Plan				
Natrona County Community Action Partnership				
Proportion of the net pension liability	0.049022197%	0.043420300%	0.039561313%	0.034926668%
Proportionate share of the net pension liability	\$ 1,117,383	\$ 1,049,686	\$ 921,521	\$ 616,348
Covered payroll	\$ 870,819	\$ 774,143	\$ 689,979	\$ 597,041
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Natrona County Fair Board				
Proportion of the net pension liability	0.021005648%	0.023136300%	0.022044287%	0.022385761%
Proportionate share of the net pension liability	\$ 478,790	\$ 559,320	\$ 513,488	\$ 395,040
Covered payroll	\$ 373,140	\$ 412,498	\$ 384,469	\$ 382,665
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Natrona County City of Casper Health Department				
Proportion of the net pension liability	0.091178334%	0.094638500%	0.094635664%	0.101745508%
Proportionate share of the net pension liability	\$ 2,078,265	\$ 2,287,886	\$ 2,204,394	\$ 1,795,494
Covered payroll	\$ 1,619,671	\$ 1,687,315	\$ 1,650,516	\$ 1,739,250
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Natrona County Library				
Proportion of the net pension liability	0.078602886%	0.078820500%	0.079399399%	0.079183759%
Proportionate share of the net pension liability	\$ 1,791,627	\$ 1,905,486	\$ 1,849,488	\$ 1,397,350
Covered payroll	\$ 1,396,284	\$ 1,405,295	\$ 1,384,784	\$ 1,353,577
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%

See accompanying notes to required supplementary information

NATRONA COUNTY, WYOMING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

Last 10 Fiscal Years
(Unaudited)

<i>Component Units (Continued)</i>	2018	2017	2016	2015
Public Employees Pension Plan				
Natrona County Weed and Pest				
Proportion of the net pension liability	0.022733463%	0.020864600%	0.017447965%	0.019017767%
Proportionate share of the net pension liability	\$ 518,173	\$ 504,402	\$ 406,424	\$ 335,605
Covered payroll	\$ 403,832	\$ 371,996	\$ 304,305	\$ 325,092
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Natrona County International Airport				
Proportion of the net pension liability	0.064100000%	0.061255600%	0.060307348%	0.061524350%
Proportionate share of the net pension liability	\$ 1,462,088	\$ 1,480,854	\$ 1,404,769	\$ 1,085,715
Covered payroll	\$ 1,121,516	\$ 1,108,472	\$ 1,051,805	\$ 1,051,705
Proportionate share of the net pension liability as a percentage of its covered payroll	130.37%	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
Fire Pension Plan A				
Natrona County International Airport				
Proportion of the net pension liability	0.244200000%	0.242200000%	0.239134445%	0.236033104%
Proportionate share of the net pension liability	\$ 546,007	\$ 444,373	\$ 443,485	\$ 388,481
Covered payroll	\$ -	\$ -	\$ -	\$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	34.28%	38.91%	40.05%	45.95%
Fire Pension Plan B				
Natrona County International Airport				
Proportion of the net pension liability	1.514300000%	1.555900000%	1.714325603%	1.676523750%
Proportionate share of the net pension liability	\$ 624,418	\$ 491,090	\$ 524,148	\$ (18,854)
Covered payroll	\$ 390,530	\$ 401,944	\$ 475,401	\$ 411,629
Proportionate share of the net pension liability as a percentage of its covered payroll	159.89%	122.18%	110.25%	-4.58%
Plan fiduciary net position as a percentage of the total pension liability	77.98%	80.16%	79.33%	100.98%

The amounts presented for each fiscal year were determined as of 12/31.

* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

NATRONA COUNTY, WYOMING

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Fiscal Years

(Unaudited)

<i>Primary Government</i>	2018	2017	2016	2015
Public Employees Pension Plan				
Contractually required contribution	\$ 1,305,903	\$ 1,323,390	\$ 1,387,809	\$ 1,313,200
Contributions in relation to the contractually required contribution	<u>(1,305,903)</u>	<u>(1,323,390)</u>	<u>(1,387,809)</u>	<u>(1,313,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,857,419</u>	<u>\$ 7,962,635</u>	<u>\$ 8,350,235</u>	<u>\$ 8,274,732</u>
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Law Enforcement Pension Plan				
Contractually required contribution	\$ 1,264,549	\$ 1,276,291	\$ 1,277,699	\$ 1,283,134
Contributions in relation to the contractually required contribution	<u>(1,264,549)</u>	<u>(1,276,291)</u>	<u>(1,277,699)</u>	<u>(1,283,134)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,352,029</u>	<u>\$ 7,420,295</u>	<u>\$ 7,428,483</u>	<u>\$ 7,460,081</u>
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%	17.20%
<i>Component Units</i>				
Public Employees Pension Plan				
Natrona County Community Action Partnership				
Contractually required contribution	\$ 136,240	\$ 135,801	\$ 126,746	\$ 105,648
Contributions in relation to the contractually required contribution	<u>(136,240)</u>	<u>(135,801)</u>	<u>(126,746)</u>	<u>(105,648)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 819,735</u>	<u>\$ 817,094</u>	<u>\$ 762,611</u>	<u>\$ 665,709</u>
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Natrona County Fair Board				
Contractually required contribution	\$ 61,042	\$ 68,074	\$ 68,074	\$ 60,137
Contributions in relation to the contractually required contribution	<u>(61,042)</u>	<u>(68,074)</u>	<u>(68,074)</u>	<u>(60,137)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 367,280</u>	<u>\$ 409,591</u>	<u>\$ 409,591</u>	<u>\$ 378,935</u>
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Natrona County City of Casper Health Department				
Contractually required contribution	\$ 273,827	\$ 273,510	\$ 290,070	\$ 276,671
Contributions in relation to the contractually required contribution	<u>(273,827)</u>	<u>(273,510)</u>	<u>(290,070)</u>	<u>(276,671)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,647,575</u>	<u>\$ 1,645,668</u>	<u>\$ 1,745,307</u>	<u>\$ 1,743,359</u>
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Natrona County Library				
Contractually required contribution	\$ 223,159	\$ 233,318	\$ 234,762	\$ 224,981
Contributions in relation to the contractually required contribution	<u>(223,159)</u>	<u>(233,318)</u>	<u>(234,762)</u>	<u>(224,981)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,342,714</u>	<u>\$ 1,403,839</u>	<u>\$ 1,412,527</u>	<u>\$ 1,417,650</u>
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%

See accompanying notes to required supplementary information

NATRONA COUNTY, WYOMING

SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)

Last 10 Fiscal Years

(Unaudited)

<i>Component Units (Continued)</i>	2018	2017	2016	2015
Public Employees Pension Plan				
Natrona County Weed and Pest				
Contractually required contribution	\$ 65,581	\$ 65,638	\$ 56,627	\$ 59,314
Contributions in relation to the contractually required contribution	(65,581)	(65,638)	(56,627)	(59,314)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 394,591	\$ 394,934	\$ 340,716	\$ 373,749
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Natrona County International Airport				
Contractually required contribution	\$ 186,396	\$ 184,228	\$ 174,032	\$ 170,491
Contributions in relation to the contractually required contribution	(186,396)	(184,228)	(174,032)	(170,491)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,121,516	\$ 1,108,472	\$ 1,047,124	\$ 1,074,297
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.87%
Fire Pension Plan A				
Natrona County International Airport				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Fire Pension Plan B				
Natrona County International Airport				
Contractually required contribution	\$ 82,968	\$ 85,393	\$ 100,999	\$ 96,864
Contributions in relation to the contractually required contribution	(82,968)	(85,393)	(100,999)	(96,864)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 390,530	\$ 401,849	\$ 475,289	\$ 455,831
Contributions as a percentage of covered payroll	21.25%	21.25%	21.25%	21.25%

* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

NATRONA COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2018
(Unaudited)**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 17,030,999	\$ 17,030,999	\$ 17,677,770	\$ 646,771
Licenses and permits	1,765,239	1,765,239	1,692,480	(72,759)
Intergovernmental	19,627,843	19,627,843	19,657,425	29,582
Charges for services	3,652,193	3,652,193	3,731,202	79,009
Investment income	144,311	144,311	106,633	(37,678)
Miscellaneous	607,822	607,822	763,047	155,225
Total revenues	<u>42,828,407</u>	<u>42,828,407</u>	<u>43,628,557</u>	<u>800,150</u>
Expenditures				
Current				
Agriculture	256,789	256,789	248,244	8,545
Assessor	982,799	982,799	869,343	113,456
Clerk	1,555,810	1,570,510	1,561,297	9,213
Coroner	448,536	448,536	429,939	18,597
Clerk of Court	1,624,323	1,647,603	1,541,874	105,729
Commissioners	15,413,454	17,386,612	15,229,984	2,156,628
Information technology	1,634,846	1,634,846	1,571,131	63,715
One percent	2,600,000	2,600,000	1,718,331	881,669
Road and bridge	4,402,078	4,430,406	2,878,903	1,551,503
Sheriff	15,619,145	15,491,716	14,502,940	988,776
Treasurer	938,022	938,022	883,405	54,617
Total expenditures	<u>45,475,802</u>	<u>47,387,839</u>	<u>41,435,391</u>	<u>5,952,448</u>
Net change in fund balance	<u>\$ (2,647,395)</u>	<u>\$ (4,559,432)</u>	2,193,166	<u>\$ (5,152,298)</u>
Fund balance - beginning of year			<u>39,895,967</u>	
Fund balance - end of year			<u>\$ 42,089,133</u>	

See accompanying note to required supplementary information

NATRONA COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

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.

	General Fund
Revenues	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 43,628,557
Difference - Budget Basis to GAAP Basis	
Accrual of accounts receivable	260,664
Accrual of property taxes receivable	(75,454)
Accrual of grants receivable	5,782
	\$ 43,819,549
Expenditures	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 41,435,391
Difference - Budget Basis to GAAP Basis	
Accrual of accounts payable	556,823
Accrual of interest expense	(1,326)
Accrual of compensated absences	(4,199)
Adjust workers compensation	(29,217)
	\$ 41,957,472

Note 2. Explanation of Changes to Pension Plans

Changes of assumptions due to experience analysis – There have been no changes of assumptions in the Public Employees' Pension Plan from January 1, 2016 to January 1, 2017. However, an experience study was conducted on behalf of all WRS's plans covering the five year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. The proposed assumptions were used in the December 31, 2017 measurement.

NATRONA COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Note 2. Explanation of Changes to Pension Plans (Continued)

Changes of assumptions - For the Paid Firemen's Pension Plan B, amounts reported in 2018 reflect an adjustment in the blended single discount rate from 6.593% to the blended single discount rate of 5.65%. For the Paid Firemen's Pension Plan A, amounts reported in 2018 reflect an adjustment in the blended single discount rate from 4.377% to the blended single discount rate of 3.75%.

Changes in benefits - There have been no changes in the benefit provisions of any pension plans since the prior valuation.

OTHER SUPPLEMENTARY INFORMATION

NATRONA COUNTY, WYOMING

COMBINING BALANCE SHEET

NONMAJOR FUNDS

June 30, 2018

	Special Revenue Funds			Totals
	Drug Court Fund	Hall of Justice Joint Powers Board	Natrona County Jail Joint Powers Board	
ASSETS				
Cash and cash equivalents	\$ -	\$ 83,956	\$ 38,226	\$ 122,182
Due from other funds	139,115	-	-	139,115
Total assets	\$ 139,115	\$ 83,956	\$ 38,226	\$ 261,297
FUND BALANCES				
Restricted	139,115	-	-	139,115
Unrestricted				
Committed	-	83,956	38,226	122,182
Total fund balances	\$ 139,115	\$ 83,956	\$ 38,226	\$ 261,297

NATRONA COUNTY, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR FUNDS**

June 30, 2018

	Special Revenue Funds			Totals
	Drug Court Fund	Hall of Justice Joint Powers Board	Natrona County Jail Joint Powers Board	
Revenues				
Intergovernmental revenues	\$ 414,811	\$ -	\$ -	\$ 414,811
Charges for services	28,208	-	-	28,208
Miscellaneous revenues	1,499	71,032	28,610	101,141
Total revenues	<u>444,518</u>	<u>71,032</u>	<u>28,610</u>	<u>544,160</u>
Expenditures				
Current				
Health and welfare	450,421	-	-	450,421
Capital outlay	-	73,232	38,730	111,962
Total expenditures	<u>450,421</u>	<u>73,232</u>	<u>38,730</u>	<u>562,383</u>
Net change in fund balances	<u>(5,903)</u>	<u>(2,200)</u>	<u>(10,120)</u>	<u>(18,223)</u>
Fund balances - beginning of year	<u>145,018</u>	<u>86,156</u>	<u>48,346</u>	<u>279,520</u>
Fund balances - end of year	<u><u>\$ 139,115</u></u>	<u><u>\$ 83,956</u></u>	<u><u>\$ 38,226</u></u>	<u><u>\$ 261,297</u></u>

NATRONA COUNTY, WYOMING

**NATRONA COUNTY COURT SUPERVISED TREATMENT PROGRAM
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
Year Ended June 30, 2018**

	State	Program Income	Total
CASH RECEIPTS			
State funds	\$ 395,605	\$ -	\$ 395,605
Program income	-	28,208	28,208
Total cash receipts	<u>395,605</u>	<u>28,208</u>	<u>423,813</u>
CASH DISBURSEMENTS			
<i>Administrative</i>			
Salaries and wages	102,000	1,935	103,935
Employee benefits	44,206	2,747	46,953
Telephone/cell phone	1,966	1,186	3,152
Office supplies	1,000	625	1,625
Photocopier	1,000	3,911	4,911
Office space	33,784	-	33,784
<i>Miscellaneous</i>			
Miscellaneous	-	-	-
<i>Travel and training</i>	3,000	17,381	20,381
<i>Treatment and supervision</i>			
Salaries and wages	141,003	2,673	143,676
Employee benefits	58,600	3,793	62,393
Drug testing supplies	-	2,915	2,915
Drug testing	22,690	138	22,828
Electronic monitoring	-	127	127
Other program materials	2,000	2,857	4,857
Total cash disbursements	<u>411,249</u>	<u>40,288</u>	<u>451,537</u>
Decrease in cash	(15,644)	(12,080)	(27,724)
Cash balance (deficit) held by general fund, beginning of year	<u>(19,026)</u>	<u>119,491</u>	<u>100,465</u>
Cash balance (deficit) held by general fund, end of year	<u>\$ (34,670)</u>	<u>\$ 107,411</u>	<u>\$ 72,741</u>

NATRONA COUNTY, WYOMING

**SCHEDULE OF PROPERTY TAXES LEVIED AND COLLECTED -
LAST FIVE FISCAL YEARS
Year Ended June 30, 2018**

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Property Taxes Collected</u>	<u>Percentage of Taxes Collected</u>
2018	\$ 84,310,535	\$ 82,761,093	98.16%
2017	84,523,765	84,286,159	99.72%
2016	100,858,029	100,614,833	99.76%
2015	99,508,313	99,172,078	99.66%
2014	88,606,572	88,478,855	99.86%

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NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
NATRONA COUNTY PUBLIC LIBRARY

June 30, 2018

	Natrona County Public Library	Natrona County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 811,285	\$ 234,395	\$ 1,045,680
Investments	104,075	-	104,075
Beneficial interest in assets held by others	-	281,645	281,645
Accounts receivable	-	4,911	4,911
Capital assets not being depreciated	770,880	1,500,000	2,270,880
Capital assets being depreciated, net	909,055	-	909,055
Restricted cash and cash equivalents	-	24,283	24,283
Restricted investments	-	3,085,572	3,085,572
Total assets	<u>2,595,295</u>	<u>5,130,806</u>	<u>7,726,101</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	514,067	-	514,067
Total deferred outflows of resources	<u>514,067</u>	<u>-</u>	<u>514,067</u>
LIABILITIES			
Accounts payable and accrued liabilities	122,711	3	122,714
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	1,892,704	-	1,892,704
Total liabilities	<u>2,015,415</u>	<u>3</u>	<u>2,015,418</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	363,603	-	363,603
Total deferred inflows of resources	<u>363,603</u>	<u>-</u>	<u>363,603</u>
NET POSITION			
Net investment in capital assets	1,679,935	1,524,283	3,179,935
Restricted by donors	-	3,109,855	3,109,855
Unrestricted (deficit)	(949,591)	496,665	(428,643)
Total net position	<u>\$ 730,344</u>	<u>\$ 5,130,803</u>	<u>\$ 5,861,147</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 NATRONA COUNTY PUBLIC LIBRARY
 Year Ended June 30, 2018

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Natrona County Public Library	\$ 2,935,241	\$ 41,107	\$ 2,632,004	\$ -
Natrona County Public Library Foundation	367,267	-	-	-
	\$ 3,302,508	\$ 41,107	\$ 2,632,004	\$ -
		General revenues		
		Unrestricted investment earnings		
		Miscellaneous revenues		
		Contributions to permanent endowment		
		Total general revenues		
		Change in net position		
		Net position - beginning of year		
		Net position - end of year		

Net (Expense) Revenue and Changes in Net Position

<u>Natrona County Public Library</u>	<u>Natrona County Public Library Foundation</u>	<u>Totals</u>
\$ (262,130)	\$ -	\$ (262,130)
-	(367,267)	(367,267)
<u>(262,130)</u>	<u>(367,267)</u>	<u>(629,397)</u>
1,614	252,157	253,771
23,269	260,053	283,322
-	5,864	5,864
<u>24,883</u>	<u>518,074</u>	<u>542,957</u>
(237,247)	150,807	(86,440)
<u>967,591</u>	<u>4,979,996</u>	<u>5,947,587</u>
<u>\$ 730,344</u>	<u>\$ 5,130,803</u>	<u>\$ 5,861,147</u>

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NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
NATRONA COUNTY FAIR
June 30, 2018

	Natrona County Fair	Central Wyoming Sports Foundation Executrust	Total
ASSETS			
Cash and cash equivalents	\$ 205,119	\$ 36,785	\$ 241,904
Accrued interest receivable	-	1,359	1,359
Accounts receivable	9,275	-	9,275
Capital assets not being depreciated	5,295	-	5,295
Capital assets being depreciated, net	3,484,251	-	3,484,251
Restricted investments	114,703	466,918	581,621
Total assets	<u>3,818,643</u>	<u>505,062</u>	<u>4,323,705</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	150,689	-	150,689
Total deferred outflows of resources	<u>150,689</u>	<u>-</u>	<u>150,689</u>
LIABILITIES			
Accounts payable and accrued liabilities	42,939	-	42,939
Noncurrent liabilities			
Due in more than one year	516,634	-	516,634
Total liabilities	<u>559,573</u>	<u>-</u>	<u>559,573</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	129,807	-	129,807
Total deferred inflows of resources	<u>129,807</u>	<u>-</u>	<u>129,807</u>
NET POSITION			
Net investment in capital assets	3,489,546	-	3,489,546
Restricted by donors	114,703	466,918	581,621
Unrestricted (deficit)	(324,297)	38,144	(286,153)
Total net position	<u>\$ 3,279,952</u>	<u>\$ 505,062</u>	<u>\$ 3,785,014</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES

NATRONA COUNTY FAIR

Year Ended June 30, 2018

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Natrona County Fair	\$ 1,896,601	\$ 886,203	\$ 605,220	\$ 136,461
Central Wyoming Sports Foundation Executrust	8,193	-	-	-
	\$ 1,904,794	\$ 886,203	\$ 605,220	\$ 136,461
		General revenues		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net position		
		Net position - beginning of year		
		Net position - end of year		

Net (Expense) Revenue and Changes in Net Position

Natrona County Fair	Central Wyoming Sports Foundation Executrust	Totals
\$ (268,717)	\$ -	\$ (268,717)
-	(8,193)	(8,193)
<u>(268,717)</u>	<u>(8,193)</u>	<u>(276,910)</u>
494	12,030	12,524
<u>494</u>	<u>12,030</u>	<u>12,524</u>
(268,223)	3,837	(264,386)
<u>3,548,175</u>	<u>501,225</u>	<u>4,049,400</u>
<u>\$ 3,279,952</u>	<u>\$ 505,062</u>	<u>\$ 3,785,014</u>

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NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
COMMUNITY ACTION PARTNERSHIP OF NATRONA COUNTY
June 30, 2018

	Community Action Partnership of Natrona County	Friends of Community Action Partnership	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 141,170	\$ 14,470	\$ 155,640
Accounts receivable	68,733	-	68,733
Due from other governments	102,801	-	102,801
Due from primary government	20,498	-	20,498
Capital assets being depreciated, net	82,646	-	82,646
Total assets	<u>415,848</u>	<u>14,470</u>	<u>430,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	426,039	-	426,039
Total deferred outflows of resources	<u>426,039</u>	<u>-</u>	<u>426,039</u>
LIABILITIES			
Accounts payable and accrued liabilities	117,324	-	117,324
Noncurrent liabilities			
Due within one year	566	-	566
Due in more than one year	1,140,140	-	1,140,140
Total liabilities	<u>1,258,030</u>	<u>-</u>	<u>1,258,030</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	218,771	-	218,771
Total deferred inflows of resources	<u>218,771</u>	<u>-</u>	<u>218,771</u>
NET POSITION			
Net investment in capital assets	82,080	-	82,080
Unrestricted (deficit)	(716,994)	14,470	(702,524)
Total net position (deficit)	<u>\$ (634,914)</u>	<u>\$ 14,470</u>	<u>\$ (620,444)</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
 COMMUNITY ACTION PARTNERSHIP OF NATRONA COUNTY
 Year Ended June 30, 2018

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units			
Community Action Partnership of Natrona County	\$ 2,663,469	\$ 35,437	\$ 2,468,694
Friends of Community Action Partnership	1,312	-	-
	\$ 2,664,781	\$ 35,437	\$ 2,468,694
		General revenues	
		Miscellaneous revenues	
		Total general revenues	
		Change in net position	
		Net position (deficit) - beginning of year	
		Net position (deficit) - end of year	

Net (Expense) Revenue and Changes in Net Position

Community Action Partnership of Natrona County	Friends of Community Action Partnership	Totals
\$ (159,338)	\$ -	\$ (159,338)
-	(1,312)	(1,312)
<u>(159,338)</u>	<u>(1,312)</u>	<u>(160,650)</u>
17,163	574	17,737
<u>17,163</u>	<u>574</u>	<u>17,737</u>
(142,175)	(738)	(142,913)
<u>(492,739)</u>	<u>15,208</u>	<u>(477,531)</u>
<u>\$ (634,914)</u>	<u>\$ 14,470</u>	<u>\$ (620,444)</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, 2018

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,258,766	\$ 1,258,766	\$ 1,540,105	\$ 281,339
Intergovernmental	120,575	120,575	65,000	(55,575)
Charges for services	212,000	212,000	314,571	102,571
Investment income	1,000	1,000	7,160	6,160
Miscellaneous	-	-	184	184
Total revenues	<u>1,592,341</u>	<u>1,592,341</u>	<u>1,927,020</u>	<u>334,679</u>
Expenditures				
Conservation of natural resources	2,113,217	2,113,217	2,025,458	87,759
Capital outlay	45,000	45,000	8,397	36,603
Total expenditures	<u>2,158,217</u>	<u>2,158,217</u>	<u>2,033,855</u>	<u>124,362</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (565,876)</u>	<u>\$ (565,876)</u>	(106,835)	<u>\$ 459,041</u>
Fund balance - beginning of year			<u>817,814</u>	
Fund balance - end of year			<u>\$ 710,979</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, 2018

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 163,342	\$ 741,681	\$ 578,339
Charges for services	865,660	865,660	897,590	31,930
Investment income	220	220	379	159
Total revenues	<u>865,880</u>	<u>1,029,222</u>	<u>1,639,650</u>	<u>610,428</u>
Expenditures				
Culture and recreation	1,471,120	1,471,120	1,467,148	3,972
Capital outlay	204,837	368,179	137,013	231,166
Total expenditures	<u>1,675,957</u>	<u>1,839,299</u>	<u>1,604,161</u>	<u>235,138</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (810,077)</u>	<u>\$ (810,077)</u>	35,489	<u>\$ 845,566</u>
Fund balance - beginning of year			<u>325,336</u>	
Fund balance - end of year			<u>\$ 360,825</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, 2018

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,583,004	\$ 2,632,004	\$ 2,632,004	\$ -
Charges for services	38,000	38,000	41,107	3,107
Investment income	1,000	1,000	1,614	614
Miscellaneous	24,650	24,650	23,269	(1,381)
Total revenues	<u>2,646,654</u>	<u>2,695,654</u>	<u>2,697,994</u>	<u>2,340</u>
Expenditures				
Culture and recreation	2,793,825	2,793,825	2,625,126	168,699
Capital outlay	199,297	199,297	43,562	155,735
Total expenditures	<u>2,993,122</u>	<u>2,993,122</u>	<u>2,668,688</u>	<u>324,434</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (346,468)</u>	<u>\$ (297,468)</u>	29,306	<u>\$ 326,774</u>
Fund balance - beginning of year			<u>750,449</u>	
Fund balance - end of year			<u>\$ 779,755</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, 2018

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,252,035	\$ 2,349,018	\$ 2,344,940	\$ (4,078)
Charges for services	1,042,121	998,196	918,934	(79,262)
Investment income	3,000	7,467	7,467	-
Miscellaneous	32,901	118,238	127,972	9,734
Total revenues	<u>3,330,057</u>	<u>3,472,919</u>	<u>3,399,313</u>	<u>(73,606)</u>
Expenditures				
Health and welfare	3,384,083	3,328,182	3,264,965	63,217
Capital outlay	81,309	119,408	116,748	2,660
Total expenditures	<u>3,465,392</u>	<u>3,447,590</u>	<u>3,381,713</u>	<u>65,877</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (135,335)</u>	<u>\$ 25,329</u>	17,600	<u>\$ (7,729)</u>
Fund balance - beginning of year			<u>1,638,590</u>	
Fund balance - end of year			<u>\$ 1,656,190</u>	

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 COMMUNITY ACTION PARTNERSHIP OF NATRONA COUNTY
 BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
 Year Ended June 30, 2018

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,517,852	\$ 2,517,852	\$ 2,451,003	\$ (66,849)
Charges for services	-	-	35,437	35,437
Contributions	-	-	17,163	17,163
Miscellaneous	23,700	23,700	-	(23,700)
Total revenues	<u>2,541,552</u>	<u>2,541,552</u>	<u>2,503,603</u>	<u>(37,949)</u>
Expenditures				
Health and welfare	2,515,952	2,515,952	2,522,870	(6,918)
Capital outlay	25,600	25,600	-	25,600
Total expenditures	<u>2,541,552</u>	<u>2,541,552</u>	<u>2,522,870</u>	<u>18,682</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	(19,267)	<u>\$ (19,267)</u>
Fund balance - beginning of year			<u>223,753</u>	
Fund balance - end of year			<u>\$ 204,486</u>	

SINGLE AUDIT SECTION

NATRONA COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Wyoming Department of Family Services				
Emergency Solutions Grant Program	14.231	16-05-ESG-SWSFRC	\$ -	\$ 26,059
Direct				
Continuum of Care Program	14.267	-	-	109,565
Continuum of Care Program	14.267	-	-	10,523
Continuum of Care Program	14.267	-	-	59,993
			-	180,081
Total U.S. Department of Housing and Urban Development			-	206,140
<u>U.S. Department of Justice</u>				
Direct				
Bulletproof Vest Partnership Program	16.607	-	-	2,805
Bulletproof Vest Partnership Program	16.607	-	-	147
Total U.S. Department of Justice			-	2,952
<u>U.S. Department of Transportation</u>				
Passed through Wyoming Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	CD16207	-	443,921
<i>Total Highway Planning and Construction Cluster</i>			-	443,921
Passed through Wyoming Association of Sheriffs and Chiefs of Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	402 FUNDS	-	4,410
National Priority Safety Programs	20.616	2017 402,405	-	2,395
National Priority Safety Programs	20.616	405B FUNDS: OP HVE	-	3,285
<i>Total Highway Safety Cluster</i>			-	10,090
Passed through Wyoming Association of Sheriffs and Chiefs of Police				
Alcohol Open Container Requirements	20.607	405D FUNDS: DUI	-	2,072
Total U.S. Department of Transportation			-	456,083
<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	5MRCSG101005-02	-	270
Medical Reserve Corps Small Grant Program	93.008	HITEP150032-01-00	-	3,592
Medical Reserve Corps Small Grant Program	93.008	15-5MRCSG101005-04-00	-	1,503
			-	5,365
Passed through Wyoming Department of Health				
Public Health Emergency Preparedness	93.069	Unknown	-	472

(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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>				
Passed through Wyoming Department of Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Unknown	\$ -	\$ 208,953
Passed through Wyoming Hospital Association Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Unknown	-	62,545
Passed through Wyoming Department of Health Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	Unknown	-	6,553
Passed through the University of Washington HIV-Related Training and Technical Assistance	93.145	UWSC8757 (BPO26525)	-	162,805
Passed through Wyoming Department of Health Projects for Assistance in Transition from Homelessness	93.150	2X06SM016051-17	-	68,649
Projects for Assistance in Transition from Homelessness	93.150	Unknown	-	16,372
			-	85,021
Direct <i>Health Center Program Cluster</i> Health Center Program - Health Care for the Homeless	93.224	-	-	1,037,216
<i>Total Health Center Program Cluster</i>			-	1,037,216
<i>TANF Cluster</i>				
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558	Unknown	-	140,879
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	Unknown	58,006	93,586
<i>Total TANF Cluster</i>			58,006	234,465
Passed through Wyoming Department of Health Community Services Block Grant	93.569	Unknown	-	78,014
Community Services Block Grant	93.569	Unknown	-	441,854
Total Community Services Block Grant			-	519,868
Passed through Wyoming Department of Health Block Grants for Community Mental Health Services	93.958	2B09SM01059-17	-	19,727
Block Grants for Community Mental Health Services	93.958	Unknown	-	5,391
			-	25,118
Total U.S. Department of Health and Human Services			58,006	2,348,381

(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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>Corporation for National and Community Service</u>				
Passed through Wyoming Division of Criminal Investigation				
Retired and Senior Volunteer Program	94.002	Unknown	\$ -	\$ 80,679
Retired and Senior Volunteer Program	94.002	15SRPWY002	-	1,551
Total Corporation for National and Community Service			-	82,230
<u>Executive Office of the President</u>				
Passed through Wyoming Division of Criminal Investigation				
High Intensity Drug Trafficking Areas Program	95.001	G18RM0012A	-	40,881
High Intensity Drug Trafficking Areas Program	95.001	G17RM0012A	-	47,694
Total Executive Office of the President			-	88,575
<u>U.S. Department of Homeland Security</u>				
Passed through Wyoming Office of Homeland Security				
Hazard Mitigation Grant	97.039	16FEMA-NAT-HM-4227H2	-	9,267
Emergency Management Performance Grants	97.042	17-GPD-NAT-EM-GCF17	-	30,000
Homeland Security Grant Program	97.067	16-GPD-NAT-LS-HLE16	-	3,837
Total U.S. Department of Homeland Security			-	43,104
<i>Total Expenditures of Federal Awards</i>			\$ 58,006	\$ 3,227,465

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, 2018

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the federal grant activity of Natrona County, Wyoming under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Natrona County, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows Natrona County, Wyoming. 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.

Note 2. Summary of Significant Accounting Policies in the Schedule

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Natrona County, Wyoming has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. 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 the Uniform Guidance. 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, 2018, the County recognized \$3,644,037 of PILT payments received as income.

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Natrona County, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Natrona County, Wyoming's basic financial statements and have issued our report thereon dated December 27, 2018. Our report includes a reference to other auditors, who audited the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, Wyoming, as described in our report on Natrona County, Wyoming's basic financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Natrona County, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Natrona County, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of Natrona County, Wyoming's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

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

We noted certain matters we have reported to management of Natrona County, Wyoming in a separate letter dated December 27, 2018.

Purpose of this Report

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 27, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Natrona County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Natrona County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Natrona County, Wyoming's its major federal programs for the year ended June 30, 2018. Natrona County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Natrona County, Wyoming's basic financial statements include the operations of the Natrona County International Airport, a discretely presented component unit, which received \$9,491,302 in federal awards which is not included in Natrona County, Wyoming's Schedule of Expenditures of Federal Awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Natrona County International Airport because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Natrona County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 qualified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Natrona County, Wyoming's compliance.



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Basis for Qualified Opinion on Major Federal Programs

As described in Findings 2018-001 through 2018-002 in the accompanying schedule of findings and questioned costs, Natrona County, Wyoming did not comply with requirements regarding the following:

<u>Finding Number</u>	<u>CFDA #</u>	<u>Program (Cluster) Name</u>	<u>Compliance Requirement</u>
2018-001	93.569	Community Service Block Grants	Allowable Cost Principle
2018-002	93.224	Health Centers Cluster, Consolidated Health Centers - Health Care for the Homeless	Cash Management

Compliance with such requirements is necessary in our opinion for Natrona County, Wyoming to comply with the requirements applicable to these major federal programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Natrona County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Healthcare Centers Cluster , Consolidated Health Centers – Health Care for the Homeless and Community Service Block Grant for the year ended June 30, 2018.

Other Matters

Natrona County, Wyoming’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Natrona County, Wyoming’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Natrona County, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Natrona County, Wyoming's internal control over compliance with types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-003 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-004 to be a significant deficiency.

Natrona County, Wyoming's response to the internal control over compliance findings identified in our audit are described in the accompany schedule of findings and questioned cots. Natrona County, Wyoming's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 27, 2018

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NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
	<i>Health Center Program Cluster</i>	
93.224	Health Center Program - Health Care for the Homeless	Qualified
93.569	Community Services Block Grant	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
	<i>Health Centers Program Cluster</i>	
93.224	Health Center Programs - Health Care for the Homeless	\$ 1,037,216
93.569	Community Services Block Grant	\$ 519,868
		\$ 1,557,084
		(Continued)

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2018

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

Dollar threshold used to distinguish between
type A and type B programs \$750,000

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***

None

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2018

III. Findings and Questioned Costs for Federal Awards

Material Weakness in Internal Control Over Compliance Finding and Compliance Finding

2018-001 Allowable Costs/Cost Principles

Program: Community Service Block Grants
CFDA No: CFDA 93.569
County Recipient: Community Action Partnership of Natrona County
Federal Agency: Department of Health and Human Services
Federal Award Identification: Unknown
Applicable Pass-through Identification: Unknown

Criteria

2 CFR § 200.430(i) - Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Condition

Community Action Partnership of Natrona County ("CAP") time cards do not clearly indicate time allocated to specific grants making it impossible for some time cards, to determine if the correct amount was charged to the grant. The time cards have columns to break out charges and those columns seem to be used consistently, but the columns are not labeled in all circumstances as to which grants the specific time is being allocated to by the employee.

Effect

While the allocation may be intuitive for specific employees, the lack of documentation could lead to wrong amounts being charged to specific grants.

Cause

The time cards used do not come with pre-printed grant identifiers in order to allow staff to charge their time to specific grants as needed. CAP personnel did not always indicate which grant their time was spent on when completing the time card.

Questioned Costs

\$37,137

Context

Of the 11 employees tested 7 of them did not have adequate information on their time cards to determine the hours that were spent on the grant. Of the 11 that were tested, based on the time records, CAP overcharged the grant on 6 employees and on the remaining 5 did not charge what would have been allowed based on the payroll records.

Identification of a Repeat Finding

No

Recommendation

CAP needs to ensure that employees are completing their time cards based on the time that is spent on each grant and ensure that the time cards clearly indicate where the time was spent.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2018

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

Material Weakness in Internal Control Over Compliance Finding and Compliance Finding

2018-002 Cash Management

Program: Health Centers Cluster, Consolidated Health Centers - Health Care for the Homeless,
CFDA No: CFDA 93.224
County Recipient: Community Action Partnership of Natrona County
Federal Agency: Department of Health and Human Services
Federal Award Identification: None
Applicable Pass-through Identification: None

Criteria

The requirements for cash management are contained in the A-102 Common Rule (§___21), OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. For non-federal entities paid on a reimbursement basis, internal controls should be designed and operating to assure the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.

Condition

Community Action Partnership of Natrona County (“CAP”) requested more funds in reimbursement requests than what was actually spent. While the granting agency will allow the County to request funds on the reimbursement or advance basis, the County did not consistently use either basis.

Effect

Reimbursements were requested prior to the disbursement of the funds.

Cause

CAP personnel do not have a clear understanding of the distinction between requests for advances and requests for reimbursement. The grant awarding agency did not provide clear guidance to grant management personnel.

Questioned Costs

None.

Context

CAP requested additional funds in anticipation of expenditures in the next month. No evidence of review for requests for reimbursement or drawdowns was present, nor was there support for the additional amount requested.

Identification of a Repeat Finding

Yes

Recommendation

Written cash management procedures should be developed. Those procedures should include review and approval of cash requests and as well as retention of support for the amount of the request.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2018

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

Material Weakness in Internal Control Over Compliance Finding

2018-003 Cash Management

Program: Community Service Block Grants
CFDA No: CFDA 93.569
County Recipient: Community Action Partnership of Natrona County
Federal Agency: Department of Health and Human Services
Federal Award Identification: Unknown
Applicable Pass-through Identification: Unknown

Criteria

The requirements for cash management are contained in the A-102 Common Rule (§ ____.21), OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

For non-federal entities paid on a reimbursement basis, internal controls should be designed and operating to assure the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.

Condition

Community Action Partnership of Natrona County (“CAP”) did not include support for adjustments made to monthly expenditures prior to request for reimbursement. No evidence of review of request for reimbursement was present.

Effect

The reimbursement requests did not agree to the underlying accounting records of the program.

Cause

For 6 of the 12 months the State provided advance payments and then switched to reimbursement basis. CAP did not include support for adjustments made as they were not used to providing that information.

Questioned Costs

None.

Context

For 5 of the 6 monthly reimbursement requests CAP made adjustments to the monthly expenditures for which reimbursement was requested. No evidence of review for requests for reimbursement was present, nor was there support for the amount of the adjustments made to the monthly expenditures for which reimbursement was requested.

Identification of a Repeat Finding

No

Recommendation

Written cash management procedures should be developed. Those procedures should include review and approval of cash requests and as well as retention of support for the amount of the request.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2018

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

Significant Deficiencies in Internal Control Over Compliance Findings

2018-004 Special Tests and Provisions - Sliding Fee Discounts

Program: Health Centers Cluster, Consolidated Health Centers - Health Care for the Homeless,

CFDA No: CFDA 93.224

County Recipient: Community Action Partnership of Natrona County

Federal Agency: Department of Health and Human Services

Federal Award Identification: None

Applicable Pass-through Identification: None

Criteria

Internal controls should be designed and operating to ensure the requirements related to sliding fee discounts are applied to fees for services provided to all individuals and families with incomes at or below 200% of the Federal Poverty Guidelines.

Condition

Internal controls over the sliding fee discount and input into the billing system were not properly designed or operating effectively.

Questioned Costs

None.

Context

Patient information used for determination of the sliding discount to be applied was not reviewed for accuracy.

Effect

Sliding fee discounts may have been provided to individuals in an incorrect amount and individuals entitled to lower fees may not have received them.

Cause

Due to limited staffing, information input into the system was not reviewed.

Identification of a Repeat Finding

Yes

Recommendation

Evidence of the review and approval should be retained. Patient information used for determination of the sliding discount should be carefully reviewed, with evidence of review as well.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan

Renea Vitto

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Natrona County, Wyoming
Summary Schedule of Prior Audit Findings
June 30, 2018

Material Weaknesses in Internal Control over Financial Reporting

2017-001: Material Audit Adjustments

Condition

The County provides its financial information to the auditors at the start of the audit. However, material audit adjustments were still required to prevent the financial statements from being materially misstated in accordance with generally accepted accounting principles accepted in the United States (GAAP).

Status

This condition has been corrected.

Material Weakness in Internal Control Over Compliance Finding and Compliance Finding

2017-002 Cash Management

**Health Centers Cluster, Consolidated Health Centers - Health Care for the Homeless, CFDA 93.224
(Community Action Partnership of Natrona County)**

Condition

Community Action Partnership of Natrona County ("CAP") lacks adequate procedures to minimize the time elapsed between the receipt of the drawdown and their disbursement of the funds.

Status

This finding has been repeated.

Significant Deficiencies in Internal Control Over Compliance Findings

2017-003 Special Tests and Provisions - Sliding Fee Discounts

**Health Centers Cluster, Consolidated Health Centers - Health Care for the Homeless, CFDA 93.224
(Community Action Partnership of Natrona County)**

Condition

Internal controls over the sliding fee discount and input into the billing system were not properly designed or operating effectively.

Status

This condition has been partially corrected.

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Natrona County, Wyoming
Summary Schedule of Prior Audit Findings
June 30, 2018

Significant Deficiencies in Internal Control Over Compliance Findings (Continued)

2017-004 – Monitoring and Review of the Schedule of Expenditures of Federal Awards

All CFDA Numbers

Condition

Evidence of review of the accuracy and completeness of the information in the schedule of expenditures of federal awards was not present.

Status

This condition has been corrected.



Community Action Partnership

Corrective Action Plan

Finding 2018-001

Name of Contact Person – Marilyn Dymond Wagner, Executive Director

Corrective Action

CAPNC has a process of determining the hourly breakdown of each staff member's monthly time, which is recorded on the CAPNC time sheet. The timesheet is designed to record the grant/program at the top of the column and the corresponding hours. The FY 18 audit discovered that staff had omitted the grant/program at the top of the column in some cases and this was not discovered by the senior finance coordinator or Executive Director during the review process. In order to address this issue, the time card will be redesigned to include a place where the finance coordinator initials acknowledging review of the grant/program designation's accuracy. The Executive Director will acknowledge that this has been initialed when doing the review of time cards and signing to provide authorization to process.

Finding 2018-002

Name of Contact Person – Marilyn Dymond Wagner, Executive Director

Corrective Action

This finding was the same finding that occurred in 2017 and was addressed in the following manner: Due to the large monthly expenditures associated with the 12th Street Clinic, I spoke with our HRSA program officer regarding our ability to request advances on expenditures. We were told that we were allowed to request advances; however, we did not receive enough detail. In order to address this issue, we have implemented a policy that funds will be drawn down on a reimbursement basis using the accrual method. In order to minimize cash flow issues, drawdowns will be made for the exact amount of monthly expenditures by the end of each calendar month.

Finding 2018-003

Name of Contact Person – Marilyn Dymond Wagner, Executive Director

Corrective Action

Written support will be included as back-up for any adjustments made relative to the Community Service Block Grant. Additionally, the review and acceptance of said adjustments will be documented by the initials of the Executive Director.



Finding 2018-004

Name of Contact Person – Marilyn Dymond Wagner, Executive Director

Corrective Action

This was a finding issued in FY 2017; a process to address this issue was created last year. Although the process was utilized, the responsible staff members did not follow the process for documenting the required action. The process is as follows: Although there were no instances where our sliding fee scale was applied incorrectly, the new HRSA requirements require a process to verify that the sliding fee discount is both accurately entered into the Electronic Health Record AND accurately applied to each patient. In order to address this issue, we are establishing a system that requires the billing coordinators Electronic Health Record data entry to be verified. This will be completed by the 12th Street Clinic's Operations Manager, no later than March 15 of each year prior to the sliding fee scale implementation April 1 of each year. A signed copy of this review will be maintained in a file to document the activity for the annual audit. In addition, the 12th Street Clinic case manager or Operations Manager will review each new client file in the electronic health record to ensure that the EHR system is correctly applying the sliding fee discount to each patient. This activity will be documented in the notes section of the patients' health record. Finally, the board of directors will review the updated Poverty Guidelines each year at the February board meeting along with the updated sliding fee scale that corresponds to the new poverty guidelines. The board will approve the new sliding fee scale. The 12th Street Clinic billing coordinator will be given the approved sliding fee scale to input into the Electronic Health Record system. Because the process was implemented but not documented according to the outlined plan of action last year, all affected staff members will be given a copy of the plan of action, which will be reviewed in detail with the Executive Director. Each staff member will sign a statement at the bottom acknowledging that they have had the opportunity to review the plan of action and ask any questions for clarification. They further understand they are responsible for the FULL implementation of the process, which includes required documentation. This will be maintained in the personnel file.