

NATRONA COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise Natrona County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, which represents 67%, 68%, and 33%, 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 of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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, 2014, 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 reporting using the modified approach, and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2015 on our consideration of Natrona County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natrona County, Wyoming's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
February 19, 2015

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 (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, 2014. 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, 2014.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$257,697,866.
- Of this amount, the unrestricted net position available to meet the County's ongoing obligations to citizens and creditors is a balance of \$29,963,449.
- The County's total net position increased by \$26,501,922.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37,894,355, an increase of \$3,974,136 in comparison with the prior year. Approximately 82% of this total amount, \$30,912,895, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,044,697, or 4% percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(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.

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

Fund Financial Statements

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

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 (UNAUDITED)

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

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

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

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

The fiduciary funds statements are presented on pages 23 through 25.

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 30 through 55.

Other Information

Required supplementary information is presented concerning the County's General Fund budgetary schedules and infrastructure assets reported using the modified approach. The County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 56 through 61.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2014
 (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. Other supplementary information is presented on pages 62 through 75.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far the largest portion of the County's net position (86%) reflects its investment in capital assets. The vast majority of these capital assets are the \$52 million in buildings, \$29 million investment in infrastructure assets, and \$128 million in hospital assets leased to the Wyoming Medical Center. These assets are not available for future spending. The County has \$7,302,006 in outstanding certificates of participation with financial institutions. An additional \$6,903,663 of the County's net position (approximately 3 percent) represents resources that are subject to external restrictions on how they may be used.

The County was able to report positive balances in all three categories of net position for the current year and in the prior year. The County has a balance of \$29,963,449 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 \$26,501,922 during the current fiscal year. This directly impacted current assets and capital assets.

The County's net position as of June 30, 2014 and 2013 was as follows:

	Primary Government		
	2014	2013	Variance
ASSETS			
Current assets	\$ 58,226,589	\$ 33,678,607	\$ 24,547,982
Capital assets, net of accumulated depreciation	228,132,760	206,903,483	21,229,277
Other assets	7,937	1,062,232	(1,054,295)
Total assets	<u>286,367,286</u>	<u>241,644,322</u>	<u>44,722,964</u>
LIABILITIES			
Current liabilities	4,167,476	1,267,040	2,900,436
Due in more than one year	7,734,518	9,181,338	(1,446,820)
Total liabilities	<u>11,901,994</u>	<u>10,448,378</u>	<u>1,453,616</u>
DEFERRED INFLOWS OF RESOURCES	<u>16,767,426</u>	-	<u>16,767,426</u>
NET POSITION			
Net investment in capital assets	220,830,754	198,253,483	22,577,271
Restricted	6,903,663	6,209,800	693,863
Unrestricted	29,963,449	26,732,661	3,230,788
Total net position	<u>\$ 257,697,866</u>	<u>\$ 231,195,944</u>	<u>\$ 26,501,922</u>

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

Governmental Activities

Governmental activities increased the County's net position by \$26,501,922, approximately \$6.2 million more than the prior year increase. Key elements of this increase are as follows:

- Increase in tax revenues of \$1.0 million because of sales tax collections of \$413,000, mobile vehicle taxes of \$172,000, and gasoline and special fuel taxes of \$485,000.
- Increase in charges for services of \$511,000 due to increased UCC filings, certificates of title, and boarding fees from the U.S. Marshalls.
- Increase in capital grants and contributions of \$8 million comprised of an increase of \$4 million in assets purchased by the Wyoming Medical Center, an increase of \$2.5 million in contributed capital due to the completion of the Gas Plant Road and the Lake Ridge Road, additional funding of \$1,037,000 from the Wyoming Business Council for the Crude to Rail water and sewer infrastructure, additional funding of \$187,000 from the State Land and Investment Board, as well as additional funding of \$266,000 for the juvenile detention center.
- Increase in public safety expenses of \$1.6 million, due to bond issuance costs of \$129,000 for the 2014 certificates of participation issued, \$189,000 of expenses associated with the Jail Joint Powers Board, increases in the costs of employee medical insurance of \$477,000, and additional grant expenditures.
- Increase in public works expenses of \$706,000 due to maintenance work on various roads and increased costs associated with personnel and benefit.
- Increase in Hospital depreciation expense of \$1.1 million.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)

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

Revenues	2014		2013	
General				
Taxes	\$ 30,473,874	36.30%	\$ 29,424,454	39.98%
Payments in lieu of taxes	3,474,159	4.14%	3,242,853	4.41%
Investment income	173,012	0.21%	(121,383)	-0.16%
Miscellaneous revenue	989,301	1.18%	1,130,712	1.54%
Program revenues				
Charges for services	5,914,701	7.04%	5,403,951	7.34%
Operating grants and contributions	4,189,590	4.99%	3,799,340	5.16%
Capital grants and contributions	38,743,535	46.15%	30,718,567	41.74%
Total revenues	<u>83,958,172</u>	<u>36.31%</u>	<u>73,598,494</u>	<u>100.00%</u>
Expenses				
General government	11,939,560	20.78%	12,149,966	22.69%
Public safety	19,305,836	33.60%	17,719,790	33.10%
Public works	4,799,661	8.35%	4,093,988	7.65%
Health and welfare	2,440,020	4.25%	2,377,796	4.44%
Culture and recreation	4,694,172	8.17%	4,211,031	7.87%
Conservation of natural resources	441,157	0.77%	404,883	0.76%
Assets leased to hospital	13,311,794	23.17%	12,199,696	22.79%
Interest on long-term debt	524,050	0.91%	383,941	0.72%
Total expenses	<u>57,456,250</u>	<u>100.00%</u>	<u>53,541,091</u>	<u>100.00%</u>
Transfers	-		222,401	
Total changes in net position	<u>26,501,922</u>		<u>20,279,804</u>	
Beginning net position	231,195,944		210,916,140	
Ending net position	<u>\$ 257,697,866</u>		<u>\$ 231,195,944</u>	

Financial Analysis of the Government's Funds

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

Governmental Funds The County's activities are contained in the General, County Road Construction, and Drug Court funds. As previously mentioned, the focus on the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37,894,355, an increase of \$3,974,136 in comparison with the prior year. Of that, \$6,981,460 is subject to external restrictions or is not available for spending: (1) \$77,797 held in reserve for inventory, (2) \$5,588,799 for the County Road Construction Fund, (3) \$166,646 for the Drug Court Fund, and (4) \$1,069,682 for the lake under an agreement with the Bureau of Reclamation, and (5) \$78,536 for water and sewer projects at the lake. The County Road Construction Fund is restricted to road construction and major maintenance projects. The Drug Court Fund is restricted for use in the Drug Court program.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

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 \$32,138,910. Of that, \$9,111,660 has been committed by resolution of the Board of County Commissioners: (1) \$2,194,066 for perpetual care of one cent projects, (2) \$21,759 for the Natrona County Detention Center Joint Powers Board, (3) \$101,280 for the Hall of Justice Joint Powers Board and (4) \$6,794,555 for the transportation department road funds. \$19,756,538 has been assigned by designation of the Board of County Commissioners: (1) \$7,498,040 for emergency reserves and (2) \$12,258,498 for future capital projects. The remaining \$2,044,697 is unassigned and reported in the General Fund.

The fund balance of the County's general fund increased \$3,365,480 during the current fiscal year. Key factors in this increase are as follows:

- Increase in tax revenues of \$1.2 million primarily due to increased motor vehicle tax collections of \$172,000, sales and use tax collections of \$413,000, and gas and special fuel taxes of \$485,000.
- Increase in licenses and permits of \$512,000 due to increases UCC filings, issuance of certificates of title, and additional fees collected at parks at the lake.
- Increase in intergovernmental revenues of \$3.3 million due to an increase of \$231,000 in payments in lieu of taxes, a Wyoming Business Council grant of \$1 million, an increase in the state legislative approved distribution of \$714,000, increased funding of \$187,000 from the State Land Investment Board, additional funding of \$267,000 for the juvenile detention center, a \$250,000 recreation grant from the Natrona County School District, and the contribution of a portions of Lake Ridge Road of \$850,000. These increases were offset by decreases in federal grants.
- Increase in general government expenditures of \$825,000 primarily due to increases in premiums for health insurance benefits of \$319,000 and a crack sealing project.
- Increase of \$2.7 million in public safety expenditures due to SLIB grants of \$1.4 million and Wyoming business council grant of \$927,000, and increases in premiums for health insurance benefits of \$478,000.
- Increase of \$565,000 in public works expenditures due to additional personnel and increases in premiums for health insurance benefits, as well as miscellaneous road and bridge projects throughout the County.
- Increase in culture and recreation expenditures of \$691,000 due to providing an additional \$230,000 to the library, \$374,000 for master plan implementation, and \$185,000 for Fairgrounds projects from one cent #14 monies, offset by a decrease in monies provided for parks projects.
- Increase in principal payments of \$8.8 million due to the refunding of the 2004 certificates of participation.
- Increase in capital outlay of \$900,000 due to a new courthouse boiler, new equipment for the road and bridge department, special equipment for emergency management, as well as construction on the Crude to Rail water and sewer infrastructure, offset by several road maintenance projects completed in the prior year.

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 \$5,588,799. The fund balance of the County's road construction fund increased \$604,662 during the current fiscal year due to revenues outpacing expenditures.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)

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

	2014		2013	
Revenues				
Taxes	\$ 30,491,908	59.92%	\$ 29,299,400	65.80%
Licenses and permits	2,116,399	4.16%	1,604,412	3.60%
Intergovernmental revenues	13,317,651	26.17%	8,816,578	19.80%
Charges for services	3,798,302	7.46%	3,799,538	8.53%
Investment income	173,013	0.34%	(121,383)	-0.27%
Miscellaneous revenues	989,301	1.94%	1,130,712	2.54%
Total revenues	\$ 50,886,574	100.00%	\$ 44,529,257	100.00%

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

	2014		2013	
Expenditures				
Current				
General government	\$ 10,839,060	19.78%	\$ 10,040,520	25.30%
Public safety	20,031,007	36.55%	17,745,413	44.71%
Public works	3,073,787	5.61%	2,508,801	6.32%
Health and welfare	2,407,726	4.39%	1,924,463	4.85%
Culture and recreation	4,638,331	8.46%	3,946,850	9.94%
Conservation of natural resources	339,722	0.62%	345,341	0.87%
Debt service				
Principal	9,360,000	17.08%	567,610	1.43%
Interest	406,804	0.74%	374,039	0.94%
Capital outlay	3,700,663	6.75%	2,238,943	5.64%
Total expenditures	\$ 54,797,100	100.00%	\$ 39,691,980	100.00%

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1.4 million summarized as follows:

Agriculture	\$ 350
Clerk	(5,810)
Coroner	147
Clerk of Court	40,820
Commissioners	1,178,657
Road and bridge	132,250
Sheriff	91,498
	\$ 1,437,912

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

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$228,132,760 (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 10 percent. The schedule below shows the changes in capital assets during the year:

	2014	2013	Variance
Capital assets, not being depreciated			
Land	\$ 16,241,656	\$ 16,041,486	\$ 200,170
Infrastructure	28,757,300	25,957,969	2,799,331
Construction in progress	504,112	-	504,112
Total capital assets not being depreciated	45,503,068	41,999,455	3,503,613
Capital assets being depreciated			
Buildings	145,489,605	145,391,685	97,920
Machinery and equipment	19,513,986	18,852,663	661,323
Hospital assets*	319,929,669	286,840,037	33,089,632
Total capital assets being depreciated	484,933,260	451,084,385	33,848,875
Less accumulated depreciation for			
Buildings	93,712,838	91,961,950	1,750,888
Machinery and equipment	16,905,997	15,845,468	1,060,529
Hospital assets*	191,684,733	178,372,939	13,311,794
Total accumulated depreciation	302,303,568	286,180,357	16,123,211
Total capital assets being depreciated, net	182,629,692	164,904,028	17,725,664
Capital assets, net	\$ 228,132,760	\$ 206,903,483	\$ 21,229,277

* 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, 2014
(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:

2014 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	10.3%	6	2.1%	-	0.0%
80 - 84	32	21.9%	2	0.7%	-	0.0%
70 - 79	50	34.2%	25	8.9%	-	0.0%
Sub-standard						
60 - 69	39	26.7%	25	8.9%	-	0.0%
40 - 59	10	6.8%	42	14.9%	-	0.0%
10 - 39	-	0%	182	64.5%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</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, 2014 on infrastructure for maintenance and preservation were \$5.1 million, compared to budgeted amounts of \$4.8 million.

Additional information on the County's capital assets can be found in Note 4 on pages 41 through 45 of this report.

Debt Administration

The County's total debt decreased by \$1,292,488 (13 percent) during the current fiscal year. The decrease reflects the refunding of the 2004 certificates of participation of \$8,650,000 and the issuance of the 2014 certificates of participation of \$7,900,000, as well as principal payments of \$710,000 and the 2014 certificates of participation. In addition, vacation and sick leave decreased \$63,317 net. Additional information on the County's long term debt can be found in Note 5 on pages 46 through 48 of this report.

NATRONA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

Economic Factors and Next Year's Budget

The local economy, increases in property tax revenues, securing state funding, and continued concerns in regards to PILT funding remain the issues affecting the development of the fiscal year 2015 budget. Declining oil prices loom in the near future. The State and local economy will be affected by oil prices during FY15.

Based on current available data, the unemployment rate near the end of the fiscal year for Natrona County is 4.2% which is slightly higher than the State of Wyoming average unemployment rate of 4.0%. Fiscal year 2015 budgeted General Fund revenues are expected to be approximately \$2.0 million higher than fiscal year 2014 mainly due to increases in property tax and sales tax revenues. PILT is expected to be \$200,000 higher in FY 2015.

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

NATRONA COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		Component
	Governmental Activities	Total	Units Total
ASSETS			
Cash and cash equivalents	\$ 31,347,014	\$ 31,347,014	\$ 3,217,243
Investments	4,663,068	4,663,068	2,774,498
Beneficial interest in assets held by others	-	-	279,998
Property taxes receivable	18,453,224	18,453,224	-
Accounts receivable	297,007	297,007	359,342
Accrued interest receivable	-	-	1,050
Due from other governments	3,388,479	3,388,479	249,255
Due from primary government	-	-	1,422,065
Inventory	77,797	77,797	223,768
Prepaid items	-	-	23,357
Capital assets not being depreciated	45,503,068	45,503,068	7,537,033
Capital assets being depreciated, net	182,629,692	182,629,692	29,303,519
Restricted cash and cash equivalents	7,937	7,937	205,148
Restricted investments	-	-	2,992,220
Total assets	<u>286,367,286</u>	<u>286,367,286</u>	<u>48,588,496</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,902,394	1,902,394	507,306
Unearned revenues	105,000	105,000	206,657
Due to component units	1,422,065	1,422,065	-
Noncurrent liabilities			
Due within one year	738,017	738,017	82,526
Due in more than one year	7,734,518	7,734,518	2,096,650
Total liabilities	<u>11,901,994</u>	<u>11,901,994</u>	<u>2,893,139</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenues	16,767,426	16,767,426	1,399,561
Total deferred inflows of resources	<u>16,767,426</u>	<u>16,767,426</u>	<u>1,399,561</u>
NET POSITION			
Net investment in capital assets	220,830,754	220,830,754	33,908,101
Restricted, expendable			
Restricted by the State of Wyoming			
for road construction	5,588,799	5,588,799	-
Restricted by statute and grantors			
for Drug Court	166,646	166,646	-
Restricted from passenger facility charges	-	-	250,885
Restricted for lake, water, and sewer	1,148,218	1,148,218	-
Restricted, nonexpendable			
Restricted by donors	-	-	2,992,220
Unrestricted	29,963,449	29,963,449	7,144,590
Total net position	<u>\$ 257,697,866</u>	<u>\$ 257,697,866</u>	<u>\$ 44,295,796</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 11,939,560	\$ 2,151,463	\$ 2,318,235	\$ 1,128,160
Public safety	19,305,836	2,403,046	589,196	706,232
Public works	4,799,661	-	54,430	3,819,511
Health and welfare	2,440,020	1,094,458	409,697	-
Culture and recreation	4,694,172	265,734	250,000	-
Conservation of natural resources	441,157	-	568,032	-
Assets leased to hospital	13,311,794	-	-	33,089,632
Interest on long-term debt	524,050	-	-	-
Total governmental activities	<u>57,456,250</u>	<u>5,914,701</u>	<u>4,189,590</u>	<u>38,743,535</u>
Total primary government	<u>\$ 57,456,250</u>	<u>\$ 5,914,701</u>	<u>\$ 4,189,590</u>	<u>\$ 38,743,535</u>
Component units	<u>\$ 17,196,477</u>	<u>\$ 5,949,121</u>	<u>\$ 7,747,627</u>	<u>\$ 1,620,526</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>	
\$ (6,341,702)	\$ (6,341,702)	\$ -
(15,607,362)	(15,607,362)	-
(925,720)	(925,720)	-
(935,865)	(935,865)	-
(4,178,438)	(4,178,438)	-
126,875	126,875	-
19,777,838	19,777,838	-
(524,050)	(524,050)	-
<u>(8,608,424)</u>	<u>(8,608,424)</u>	<u>-</u>
<u>(8,608,424)</u>	<u>(8,608,424)</u>	<u>-</u>
-	-	(1,879,203)
14,938,881	14,938,881	736,970
9,829,545	9,829,545	-
5,705,448	5,705,448	366,114
3,474,159	3,474,159	-
173,012	173,012	380,173
989,301	989,301	223,183
-	-	302,448
<u>35,110,346</u>	<u>35,110,346</u>	<u>2,008,888</u>
26,501,922	26,501,922	129,685
<u>231,195,944</u>	<u>231,195,944</u>	<u>44,166,111</u>
<u>\$ 257,697,866</u>	<u>\$ 257,697,866</u>	<u>\$ 44,295,796</u>

NATRONA COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
ASSETS				
Cash and cash equivalents	\$ 31,347,014	\$ -	\$ -	\$ 31,347,014
Investments	4,663,068	-	-	4,663,068
Property taxes receivable	18,453,224	-	-	18,453,224
Accounts receivable	297,007	-	-	297,007
Due from other funds	-	5,588,799	166,646	5,755,445
Due from other governments	3,388,479	-	-	3,388,479
Inventory	77,797	-	-	77,797
Restricted cash	7,937	-	-	7,937
Total assets	\$ 58,234,526	\$ 5,588,799	\$ 166,646	\$ 63,989,971
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,902,394	\$ -	\$ -	\$ 1,902,394
Unearned revenues	105,000	-	-	105,000
Compensated absences	24,669	-	-	24,669
Due to other funds	5,755,445	-	-	5,755,445
Due to component units	1,422,065	-	-	1,422,065
Total liabilities	9,209,573	-	-	9,209,573
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenues	16,886,043	-	-	16,886,043
Total deferred inflows of resources	16,886,043	-	-	16,886,043
FUND BALANCES				
Nonspendable	77,797	-	-	77,797
Restricted	1,148,218	5,588,799	166,646	6,903,663
Unrestricted				
Committed	9,111,660	-	-	9,111,660
Assigned	19,756,538	-	-	19,756,538
Unassigned	2,044,697	-	-	2,044,697
Total fund balances	32,138,910	5,588,799	166,646	37,894,355
Total liabilities, deferred inflows of resources, and fund balances	\$ 58,234,526	\$ 5,588,799	\$ 166,646	\$ 63,989,971

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, 2014

Total fund balances - governmental funds		\$ 37,894,355
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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.		228,132,760
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Since the focus of governmental fund statements is on short-term financing, some assets (property taxes receivable) will not be available to pay for current expenditures. Those assets are offset by deferred inflows in the governmental funds and are not included in the governmental fund balances.

Governmental funds - deferred property tax revenues	\$ 16,886,043		
Government-wide - deferred property tax revenues	<u>(16,767,426)</u>		118,617

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	(7,190,000)		
Premium on certificates of participation	(112,006)		
Total compensated absences	(1,170,529)		
Compensated absences recorded in governmental funds	<u>24,669</u>		<u>(8,447,866)</u>

Net position of governmental activities		<u>\$ 257,697,866</u>
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NATRONA COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	Major Funds		Nonmajor Fund	Totals
	General Fund	County Road Construction Fund	Drug Court Fund	
Revenues				
Taxes	\$ 30,491,908	\$ -	\$ -	\$ 30,491,908
Licenses and permits	2,116,399	-	-	2,116,399
Intergovernmental revenues	10,684,914	2,223,040	409,697	13,317,651
Charges for services	3,763,327	-	34,975	3,798,302
Investment income	169,374	3,639	-	173,013
Miscellaneous revenues	989,301	-	-	989,301
Total revenues	<u>48,215,223</u>	<u>2,226,679</u>	<u>444,672</u>	<u>50,886,574</u>
Expenditures				
Current				
General government	10,839,060	-	-	10,839,060
Public safety	20,031,007	-	-	20,031,007
Public works	3,073,787	-	-	3,073,787
Health and welfare	1,969,794	-	437,932	2,407,726
Culture and recreation	4,638,331	-	-	4,638,331
Conservation of natural resources	339,722	-	-	339,722
Debt service				
Principal	9,360,000	-	-	9,360,000
Interest	406,804	-	-	406,804
Capital outlay	2,075,900	1,622,017	2,746	3,700,663
Total expenditures	<u>52,734,405</u>	<u>1,622,017</u>	<u>440,678</u>	<u>54,797,100</u>
Excess (deficiency) of revenues over expenditures	<u>(4,519,182)</u>	<u>604,662</u>	<u>3,994</u>	<u>(3,910,526)</u>
Other financing sources (uses)				
Refunding certificates of participation issued	8,013,584	-	-	8,013,584
Payment of costs of issuance	(128,922)	-	-	(128,922)
Total other financing sources	<u>7,884,662</u>	<u>-</u>	<u>-</u>	<u>7,884,662</u>
Net change in fund balances	3,365,480	604,662	3,994	3,974,136
Fund balances - beginning of year	<u>28,773,430</u>	<u>4,984,137</u>	<u>162,652</u>	<u>33,920,219</u>
Fund balances - end of year	<u>\$ 32,138,910</u>	<u>\$ 5,588,799</u>	<u>\$ 166,646</u>	<u>\$ 37,894,355</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, 2014

Net changes in fund balances - total governmental funds \$ 3,974,136

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	\$ 4,349,745	
Contributions of capital assets from the Wyoming Medical Center	33,089,632	
Sales of capital assets in the statement of activities includes the effects of past depreciation	(4,649)	
Depreciation expense for the year	<u>(16,205,451)</u>	21,229,277

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 discount	(118,823)	
Amortization of debt premium	1,578	
Issuance of premium on certificates of participation	(113,584)	
Payment of principal on certificates of participation	9,360,000	
Issuance of certificates of participation	<u>(7,900,000)</u>	1,229,171

Prior year total compensated absences	1,233,846	
Prior year compensated absences - general fund short-term	(614)	
Current year compensated absences - general fund long-term	(1,170,529)	
Current year compensated absences - general fund short-term	<u>24,669</u>	87,372

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

Prior year deferred inflows - property taxes	(136,651)	
Current year deferred inflows - general fund property taxes	16,886,043	
Current year deferred inflows - government-wide property taxes	<u>(16,767,426)</u>	<u>(18,034)</u>

Changes in net position of governmental activities \$ 26,501,922

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2014

	Agency Funds		
	Property Tax Fund	General Agency Fund	Fire Fighters of Natrona County
ASSETS			
Cash and cash equivalents	\$ -	\$ 17,399,448	\$ 5,284
Investments	-	-	91,632
Property taxes receivable	837,758	-	-
 Total assets	 837,758	 17,399,448	 96,916
LIABILITIES			
Due to other governments	837,758	17,399,448	96,916
Medical claims payable	-	-	-
 Total liabilities	 837,758	 17,399,448	 96,916
NET POSITION			
Restricted for			
Employees medical benefits and other governments and organizations	-	-	-
 Total net position	 \$ -	 \$ -	 \$ -

See accompanying notes to the financial statements

Employee Benefit Trust Fund	Investment Pool Trust Fund	Total
\$ 1,115,998	\$ -	\$ 18,520,730
2,335	1,738,783	1,832,750
-	-	837,758
<u>1,118,333</u>	<u>1,738,783</u>	<u>21,191,238</u>
-	-	18,334,122
532,500	-	532,500
<u>532,500</u>	<u>-</u>	<u>18,866,622</u>
<u>585,833</u>	<u>1,738,783</u>	<u>2,324,616</u>
<u>\$ 585,833</u>	<u>\$ 1,738,783</u>	<u>\$ 2,324,616</u>

NATRONA COUNTY, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2014

	Employee Benefit Trust Fund	Investment Pool Trust Fund
Additions		
Contributions from pool participants	\$ -	\$ 1,202,594
Contributions from employer	5,047,551	-
Investment income (losses)	(22)	26,753
	<u>5,047,529</u>	<u>1,229,347</u>
Deductions		
Medical benefits paid	4,473,411	-
Distributions to pool participants	-	1,200,000
	<u>4,473,411</u>	<u>1,200,000</u>
Change in net position	574,118	29,347
Net position - beginning of year	<u>11,715</u>	<u>1,709,436</u>
Net position - end of year	<u>\$ 585,833</u>	<u>\$ 1,738,783</u>

See accompanying notes to the financial statements

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2014

	Nonmajor		
	Natrona County Weed and Pest Control	Natrona County Public Library	Natrona County Fair
ASSETS			
Cash and cash equivalents	\$ 824,100	\$ 801,635	\$ 322,734
Investments	187,580	96,865	-
Beneficial interest in assets held by others	-	279,998	-
Accounts receivable	16,303	-	-
Accrued interest receivable	634	-	416
Due from other governments	-	-	-
Due from primary government	1,422,065	-	-
Inventory	152,490	-	-
Prepaid items	4,957	-	-
Capital assets not being depreciated	-	2,247,280	-
Capital assets being depreciated, net	427,696	1,308,661	3,681,059
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	2,238,652	753,568
Total assets	<u>3,035,825</u>	<u>6,973,091</u>	<u>4,757,777</u>
LIABILITIES			
Accounts payable and accrued liabilities	57,217	25,621	10,617
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	-	1,410
Due in more than one year	29,798	101,438	41,935
Total current liabilities	<u>87,015</u>	<u>127,059</u>	<u>53,962</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenues	1,399,561	-	-
Total deferred inflows of resources	<u>1,399,561</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	427,696	2,247,280	3,681,059
Restricted, expendable			
Restricted for passenger facility charges	-	-	-
Restricted, nonexpendable			
Restricted by donors	-	2,238,652	753,568
Unrestricted	<u>1,121,553</u>	<u>2,360,100</u>	<u>269,188</u>
Total net position	<u>\$ 1,549,249</u>	<u>\$ 6,846,032</u>	<u>\$ 4,703,815</u>

See accompanying notes to the financial statements

Nonmajor		Major	
City of Casper/ Natrona County Health Department	Community Action Partnership of Natrona County	Natrona County International Airport	Total
\$ 493,124	\$ 143,120	\$ 632,530	\$ 3,217,243
496,803	-	1,993,250	2,774,498
-	-	-	279,998
15,048	9,334	318,657	359,342
-	-	-	1,050
49,401	79,296	120,558	249,255
-	-	-	1,422,065
-	-	71,278	223,768
-	18,400	-	23,357
-	-	5,289,753	7,537,033
69,948	105,495	23,710,660	29,303,519
-	-	205,148	205,148
-	-	-	2,992,220
<u>1,124,324</u>	<u>355,645</u>	<u>32,341,834</u>	<u>48,588,496</u>
30,643	61,645	321,563	507,306
51,111	50,524	105,022	206,657
-	9,228	71,888	82,526
89,167	38,377	1,795,935	2,096,650
<u>170,921</u>	<u>159,774</u>	<u>2,294,408</u>	<u>2,893,139</u>
-	-	-	1,399,561
-	-	-	<u>1,399,561</u>
69,948	91,678	27,390,440	33,908,101
-	-	250,885	250,885
-	-	-	2,992,220
<u>883,455</u>	<u>104,193</u>	<u>2,406,101</u>	<u>7,144,590</u>
<u>\$ 953,403</u>	<u>\$ 195,871</u>	<u>\$ 30,047,426</u>	<u>\$ 44,295,796</u>

NATRONA COUNTY, WYOMING

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

Year Ended June 30, 2014

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Natrona County Weed and Pest Control	\$ 1,354,837	\$ 241,292	\$ 105,000	\$ 29,019
Natrona County Public Library	2,798,640	47,315	2,805,931	6,267
Natrona County Fair	1,633,852	820,237	555,074	224,368
City of Casper/Natrona County Health Department	3,180,295	672,008	2,196,796	-
Community Action Partnership of Natrona County	1,971,551	7,339	1,790,693	-
Natrona County International Airport	6,257,302	4,160,930	294,133	1,360,872
	\$ 17,196,477	\$ 5,949,121	\$ 7,747,627	\$ 1,620,526

General revenues
 Property taxes
 Other taxes
 Unrestricted investment earnings (losses)
 Miscellaneous revenues
 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

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
\$ (979,526)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (979,526)
-	60,873	-	-	-	-	60,873
-	-	(34,173)	-	-	-	(34,173)
-	-	-	(311,491)	-	-	(311,491)
-	-	-	-	(173,519)	-	(173,519)
-	-	-	-	-	(441,367)	(441,367)
(979,526)	60,873	(34,173)	(311,491)	(173,519)	(441,367)	(1,879,203)
736,970	-	-	-	-	-	736,970
249,222	-	-	-	-	116,892	366,114
2,100	363,104	4,344	7,408	(133)	3,350	380,173
491	20,848	-	225	201,619	-	223,183
-	302,448	-	-	-	-	302,448
988,783	686,400	4,344	7,633	201,486	120,242	2,008,888
9,257	747,273	(29,829)	(303,858)	27,967	(321,125)	129,685
1,539,992	6,098,759	4,733,644	1,257,261	167,904	30,368,551	44,166,111
<u>\$ 1,549,249</u>	<u>\$ 6,846,032</u>	<u>\$ 4,703,815</u>	<u>\$ 953,403</u>	<u>\$ 195,871</u>	<u>\$ 30,047,426</u>	<u>\$ 44,295,796</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Nature of Operations and Significant Accounting Policies

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

Financial Reporting Entity

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

Blended Component Units

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

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

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

Discretely Presented Component Units

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

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Discretely Presented Component Units (Continued)

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

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

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

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

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

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

The Natrona County 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 Commissioners also approve the Airport's annual budget. Under the empowering statutes the Airport is a body corporate, empowered to sue and be sued under its own name. The Airport issues separate external financial statements, which may be obtained at the Airport's administrative offices.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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.

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

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

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, 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.

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Investments (Continued)

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

Receivables and Payables

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

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

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, 2014, 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 35% 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.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

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."

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
Airport hangars, runways, ramps and taxiways	20
Airport 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.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position or balance sheet may sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) at that time. The government has one type of item that qualifies for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. 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 taxes for which a lien has been established but have not yet been levied are reported as a deferred inflow of resources. Property taxes are recognized as an inflow of resources in the year they are levied.

Compensated Absences

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

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

Budgets

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

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing Boards of the component units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects all approved budget amendments. Supplemental budget appropriations of \$1,437,912 were approved for the general fund during the year.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, 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; 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.

Accounting Estimates

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

Collections

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

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2014.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Deposits and Investments

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that the County's deposits in excess of the Federal depository insurance must be collateralized. At June 30, 2014, the County's deposits were fully collateralized as required by statutes.

Investments

As of June 30, 2014, the primary government had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
External							
investment pool	\$ 2,469,002	n/a	\$ 2,469,002	\$ -	\$ -	\$ -	n/a
FNMA	667,786	2.00%				667,786	AA+
FNMA	791,288	3.00%	-	-	-	791,288	AA+
FNMA	734,992	2.25%	-	-	-	734,992	AA+
Total	\$ 4,663,068		\$ 2,469,002	\$ -	\$ -	\$ 2,194,066	

As of June 30, 2014, the component units of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years				Rating
			Less Than 1	1 - 5	6 - 10	More Than 10	
U.S. Government							
agency securities	\$ 329,839	.125% -1.93%	\$ 279,864	\$ 49,975	\$ -	\$ -	Aaa, not rated
Mutual funds	1,772,311	n/a	1,772,311	-	-	-	n/a
External							
investment pool	593,668	n/a	593,668	-	-	-	n/a
Municipal bonds	25,363	1.55%	25,363	-	-	-	n/a
Corporate bonds	125,800	0.0% to 3.0%	24,925	100,875	-	-	n/a
Certificates of deposit	2,919,737	.25% to 2.0%	2,664,581	255,156	-	-	n/a
Total	\$ 5,766,718		\$ 5,360,712	\$ 406,006	\$ -	\$ -	

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Deposits and Investments (Continued)

Investments (Continued)

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

Investments	\$ 2,774,498
Restricted investments	2,992,220
	<u>\$ 5,766,718</u>

The Natrona County Fair currently holds investments in mutual funds and corporate bonds; this is in violation of Wyoming State Statute §9-4-831, which authorizes the types of investments in which political subdivisions, included boards of directors of fairs may invest.

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

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and obligations specifically guaranteed by the U. S. Government held in the County's investment pool are rated AAA/AA+ by Standard and Poor's and Moody's.

Concentration of Credit Risk

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

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

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2014 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 7,177,510
County Road Construction Fund	5,588,799	-
Drug Court Fund	166,646	-
Component Units	<u>1,422,065</u>	<u>-</u>
	<u>\$ 7,177,510</u>	<u>\$ 7,177,510</u>

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

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 16,041,486	\$ -	\$ 200,170	\$ 16,241,656
Infrastructure	25,957,969	2,799,331	-	28,757,300
Construction in progress	-	504,112	-	504,112
Total capital assets not being depreciated	<u>41,999,455</u>	<u>3,303,443</u>	<u>200,170</u>	<u>45,503,068</u>
Capital assets being depreciated				
Buildings	145,391,685	109,920	(12,000)	145,489,605
Machinery and equipment	18,852,663	936,382	(275,059)	19,513,986
Hospital assets*	286,840,037	33,089,632	-	319,929,669
Total capital assets being depreciated	<u>451,084,385</u>	<u>34,135,934</u>	<u>(287,059)</u>	<u>484,933,260</u>
Less accumulated depreciation for				
Buildings	91,961,950	1,758,238	(7,350)	93,712,838
Machinery and equipment	15,845,468	1,135,419	(74,890)	16,905,997
Hospital assets*	178,372,939	13,311,794	-	191,684,733
Total accumulated depreciation	<u>286,180,357</u>	<u>16,205,451</u>	<u>(82,240)</u>	<u>302,303,568</u>
Total capital assets being depreciated, net	<u>164,904,028</u>	<u>17,930,483</u>	<u>(204,819)</u>	<u>182,629,692</u>
Capital assets, net	<u>\$ 206,903,483</u>	<u>\$ 21,233,926</u>	<u>\$ (4,649)</u>	<u>\$ 228,132,760</u>

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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	\$ 1,276,015
Public safety	1,218,042
Public works	325,635
Health and welfare	25,000
Conservation of natural resources	48,966
Hospital	13,311,794
Total depreciation expense - governmental activities	\$ 16,205,452

Component Units

Capital asset activity for each component unit for the year ended June 30, 2014 follows.

Capital asset activity for the Natrona County Weed and Pest Control for the year ended June 30, 2014 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 316,365	\$ 102,712	\$ -	\$ 419,077
Machinery and equipment	556,973	36,334	(32,342)	560,965
Total capital assets being depreciated	873,338	139,046	(32,342)	980,042
Less accumulated depreciation for				
Buildings and improvements	133,245	9,349	-	142,595
Machinery and equipment	391,796	50,297	(32,342)	409,751
Total accumulated depreciation	525,041	59,646	(32,342)	552,346
Capital assets, net	\$ 348,297	\$ 79,401	\$ -	\$ 427,696

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County Public Library for the year ended June 30, 2014 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	642,600	59,600	-	702,200
Total capital assets not being depreciated	2,187,680	59,600	-	2,247,280
Capital assets being depreciated				
Machinery and equipment	643,933	211,270	(76,871)	778,332
Library collection	2,878,944	262,541	(81,573)	3,059,912
Total capital assets being depreciated	3,522,877	473,811	(158,444)	3,838,244
Less accumulated depreciation for				
Machinery and equipment	587,039	34,200	(71,799)	549,440
Library collection	1,769,402	292,313	(81,572)	1,980,143
Total accumulated depreciation	2,356,441	326,513	(153,371)	2,529,583
Total capital assets being depreciated, net	1,166,436	147,298	(5,073)	1,308,661
Capital assets, net	\$ 3,354,116	\$ 206,898	\$ (5,073)	\$ 3,555,941

Capital asset activity for the Natrona County Fair for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 6,419,647	\$ -	\$ -	\$ 6,419,647
Machinery and equipment	1,067,267	184,196	-	1,251,463
Total capital assets being depreciated	7,486,914	184,196	-	7,671,110
Less accumulated depreciation for				
Buildings and improvements	2,914,448	160,491	-	3,074,939
Machinery and equipment	870,800	44,312	-	915,112
Total accumulated depreciation	3,785,248	204,803	-	3,990,051
Capital assets, net	\$ 3,701,666	\$ (20,607)	\$ -	\$ 3,681,059

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

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Machinery and equipment	\$ 571,043	\$ -	\$ (77,341)	\$ 493,702
Total capital assets being depreciated	<u>571,043</u>	<u>-</u>	<u>(77,341)</u>	<u>493,702</u>
Less accumulated depreciation for				
Machinery and equipment	464,301	28,543	(69,090)	423,754
Total accumulated depreciation	<u>464,301</u>	<u>28,543</u>	<u>(69,090)</u>	<u>423,754</u>
Capital assets, net	<u>\$ 106,742</u>	<u>\$ (28,543)</u>	<u>\$ (8,251)</u>	<u>\$ 69,948</u>

Capital asset activity for the Community Action Partnership of Natrona County for the year ended June 30, 2014, 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	187,690	16,500	(18,515)	185,675
Total capital assets being depreciated	<u>269,693</u>	<u>16,500</u>	<u>(18,515)</u>	<u>267,678</u>
Less accumulated depreciation for				
Building improvements	11,534	3,225	-	14,759
Machinery and equipment	155,765	10,174	(18,515)	147,424
Total accumulated depreciation	<u>167,299</u>	<u>13,399</u>	<u>(18,515)</u>	<u>162,183</u>
Capital assets, net	<u>\$ 102,394</u>	<u>\$ 3,101</u>	<u>\$ -</u>	<u>\$ 105,495</u>

Approximately \$16,500 of equipment has been acquired under capital leases. The related amortization expense of \$3,300 has been included in annual depreciation expense.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Natrona County International Airport for the year ended June 30, 2014, 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	575,625	765,446	(198,286)	1,142,785
Total capital assets not being depreciated	<u>4,722,593</u>	<u>765,446</u>	<u>(198,286)</u>	<u>5,289,753</u>
Capital assets being depreciated				
Buildings and improvements	80,392,990	716,611	-	81,109,601
Machinery and equipment	4,182,999	1,411,015	(183,197)	5,410,817
Water and sewage system	801,207	-	-	801,207
Total capital assets being depreciated	<u>85,377,196</u>	<u>2,127,626</u>	<u>(183,197)</u>	<u>87,321,625</u>
Less accumulated depreciation for				
Buildings and improvements	57,091,827	2,252,566	-	59,344,393
Machinery and equipment	3,383,934	273,752	(169,468)	3,488,218
Water and sewage system	774,327	4,027	-	778,354
Total accumulated depreciation	<u>61,250,088</u>	<u>2,530,345</u>	<u>(169,468)</u>	<u>63,610,965</u>
Total capital assets being depreciated, net	<u>24,127,108</u>	<u>(402,719)</u>	<u>(13,729)</u>	<u>23,710,660</u>
Capital assets, net	<u>\$ 28,849,701</u>	<u>\$ 362,727</u>	<u>\$ (212,015)</u>	<u>\$ 29,000,413</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. County Debt

The Wyoming Constitution (Article 16 §3) limits the amount of indebtedness for any County to not be more than two percent of the last general assessment. This limit was \$25,088,337 at June 30, 2014. The County had no outstanding debt subject to this limitation.

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2014:

	Balance June 30, 2013	New Debt Incurred	Debt Retired	Balance June 30, 2014	Due Within One Year
Primary Government					
Certificates of participation	\$ 8,650,000	\$ 7,900,000	\$ 9,360,000	\$ 7,190,000	\$ 590,000
Original issue discount	(118,823)	-	(118,823)	-	-
Original issue premium	-	113,584	1,578	112,006	-
Compensated absences	1,233,846	1,170,529	1,233,846	1,170,529	148,017
	<u>\$ 9,765,023</u>	<u>\$ 9,184,113</u>	<u>\$ 10,476,601</u>	<u>\$ 8,472,535</u>	<u>\$ 738,017</u>

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

	Balance June 30, 2013	New Debt Incurred	Debt Retired	Balance June 30, 2014	Due Within One Year
Component Units					
Note payable	\$ 1,684,161	\$ -	\$ 74,188	\$ 1,609,973	\$ 71,888
Capital lease obligations	-	16,500	2,683	13,817	3,254
Compensated absences	665,825	555,386	665,825	555,386	7,384
	<u>\$ 2,349,986</u>	<u>\$ 571,886</u>	<u>\$ 742,696</u>	<u>\$ 2,179,176</u>	<u>\$ 82,526</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 Certificates of Participation as of June 30, 2014 is as follows:

Certificates of participation series 2014, due in annual installments of \$590,000 to \$735,000 through June 2025, interest at 3.0% to 4.0%, original amount issued \$7,900,000 at premium of \$113,584.	\$ 7,190,000
	\$ 7,190,000

Scheduled principal and interest requirements as of June 30, 2014 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 590,000	\$ 170,975	\$ 760,975
2015	600,000	159,175	759,175
2016	610,000	147,175	757,175
2017	625,000	134,975	759,975
2018	635,000	122,475	757,475
2019-2023	3,395,000	391,319	3,786,319
2024-2025	735,000	22,050	757,050
	\$ 7,190,000	\$ 1,148,144	\$ 8,338,144

The balances above do not include the unamortized premium in the amount of \$112,006 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, 2014 is as follows:

Note payable to a government agency, with interest at 5%, payable in annual installments of \$155,397 due each January, through January 2029	\$ 1,609,973
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NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. County Debt (Continued)

Component Units, Note Payable (Continued)

Scheduled principal and interest requirements as of June 30, 2014 are as follows:

Fiscal year ending, June 30	Principal	Interest	Total
2015	\$ 71,888	\$ 83,509	\$ 155,397
2016	78,493	76,904	155,397
2017	82,418	72,980	155,398
2018	86,539	68,859	155,398
2019	90,866	64,534	155,400
2020 thru 2024	527,195	249,792	776,987
2025 thru 2029	672,574	104,138	776,712
	<u>\$ 1,609,973</u>	<u>\$ 720,716</u>	<u>\$ 2,330,689</u>

Component Units, Capital Lease Payable

A summary of the capital leases for Community Action Partnership of Natrona County (CAP) as of June 30, 2014 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	\$ 13,817
	<u>\$ 13,817</u>

Future minimum lease payments as of June 30, 2014 are as follows:

Fiscal year ending, June 30	
2015	\$ 3,400
2016	3,400
2017	3,400
2018	3,400
2019	566
Total minimum lease payments	<u>14,166</u>
Less: interest	349
Present value minimum lease payments	<u>\$ 13,817</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Revenue Bonds

In February 2011, the Wyoming Medical Center (the Center) issued \$20,000,000 aggregate principal amount of its Revenue Bonds, Series 2011, dated February 17, 2011 through Natrona County, Wyoming. The bond issuance resulted in net proceeds to the Center of approximately \$20,039,244 including a premium of \$39,244. The Series 2011 Bonds are special, limited obligations of the Center and the Board of Trustees of the Memorial Hospital of Natrona County, equally and ratably payable from the "Net Pledged Revenues" and certain funds held under the Indenture. As of June 30, 2014, \$18,865,000 of principal on the Series 2011 was outstanding. This obligation is not included on the balance sheet of the County since it is not obligated in any manner for repayment of the bonds.

Note 7. Natrona County Memorial Hospital Lease

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

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

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

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

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

	2014	2013
Indigent and prisoner care	\$ 19,981,013	\$ 22,147,540
Property insurance	294,039	241,893
	<u>\$ 20,275,052</u>	<u>\$ 22,389,433</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, 2014

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 \$279,998 and \$245,039 as of June 30, 2014 and June 30, 2013, respectively, as beneficial interest in assets held by others.

Note 9. Defined Benefit Pension Plan

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

The System statutorily requires 14.62% of the covered employee's salary to be contributed to the plan, or 7.5% by the employee and 7.12% by the employer. The County pays 14.12% and employees pay 0.5%. Effective September 1, 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. For law enforcement the system requires 17.2% of covered law enforcement members' salaries, split equally between the employer and employee. Currently, 6.28% is paid by the law enforcement member and 10.92% is paid by the County. The County's contributions to the System for law enforcement members and all other employees for the years ended June 30, 2014, 2013 and 2012 were \$2,344,237, \$2,335,434, and \$2,394,245, respectively, equal to the required contributions for each year.

The component units' contributions to the System, excluding the Airport, for the years ended June 30, 2014, 2013 and 2012 were \$650,058, \$617,758, and \$635,165, 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, 2014, 2013 and 2012 were \$155,424, \$135,758, and \$137,665, respectively, equal to the required contributions for each year for regular employees and \$95,065, \$85,402, and \$89,960, respectively, for firemen. The Airport also pays 100% of required contributions which are 14.62% for regular employees and 20.5% for firemen.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 10. Deferred Compensation Plans

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

Note 11. County Equity

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

	General Fund	County Road Construction Fund	Drug Court Fund	Totals
Fund balances				
Nonspendable				
Inventory	\$ 77,797	\$ -	\$ -	\$ 77,797
Restricted for				
Road construction	-	5,588,799	-	5,588,799
Drug court	-	-	166,646	166,646
Lake water and sewer	78,536	-	-	78,536
Bureau of Reclamation lake	1,069,682	-	-	1,069,682
Committed to				
Perpetual care of one cent projects	2,194,066	-	-	2,194,066
Natrona County Detention Center Joint Powers Board	21,759	-	-	21,759
Hall of Justice Joint Powers Board	101,280	-	-	101,280
Transportation Department Road Funds	6,794,555	-	-	6,794,555
Assigned to				
Emergency reserves	7,498,040	-	-	7,498,040
Planned capital projects	12,258,498	-	-	12,258,498
Unassigned	2,044,697	-	-	2,044,697
Totals	<u>\$ 32,138,910</u>	<u>\$ 5,588,799</u>	<u>\$ 166,646</u>	<u>\$ 37,894,355</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 12. Commitments and Contingencies

Contingencies

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

Note 13. Risk Management Programs

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result of these and other risks, the County participates in Wyoming Association of Risk Management (WARM), a management risk pool and WARM property insurance pool. Assessments for premiums or retroactive premiums are based on each member's payroll costs in relation to the total payroll costs of all members. Historically, the County's payroll has represented approximately 13.2% of the total payroll of all participants in the pool. The Coverage limit is \$10,000,000, which also includes various sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to WARM by the County totaled \$470,506 and \$485,549 for the years ended June 30, 2014 and 2013, 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 2014 and 2013 were approximately \$269,839 and \$359,785, respectively.

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 13. Risk Management Programs (Continued)

The County also provides health care benefits for primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$100,000 per year. Premiums paid for stop-loss insurance were \$351,788 and \$406,108 respectively, for the years ended June 30, 2014 and 2013. 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, 2014 and 2013 are as follows:

	2014	2013
Health care risk management liability, beginning of year	\$ 307,500	\$ 407,500
Claims incurred	(3,370,331)	(4,343,392)
Claims paid	3,595,331	4,243,392
Health care risk management liability, end of year	\$ 532,500	\$ 307,500

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage. There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2014.

Note 14. Investment Pool

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

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

	Primary Government	Component Units	External Participants	Total
Statement of Net Position				
Investments	\$ 2,562,968	\$ 593,668	\$ 1,738,783	\$ 4,895,418
Net position, restricted for external pool participants	-	-	1,738,783	1,738,783
Net position, unrestricted	2,562,968	593,668	-	3,156,636
Total net position	\$ 2,562,968	\$ 593,668	\$ 1,738,783	\$ 4,895,418

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 14. Investment Pool (Continued)

	Primary Government	Component Units	External Participants	Total
Statement of Changes in Net Position				
Investment income (loss)	\$ 38,417	\$ 8,420	\$ 26,753	\$ 73,590
Contributions from participants	-	-	1,202,594	1,202,594
Distributions to participants	(95,623)	-	(1,200,000)	(1,295,623)
Change in net position	(57,206)	8,420	29,347	(19,440)
Net position, beginning	2,620,174	585,248	1,709,436	4,914,858
Net position, ending	<u>\$ 2,562,968</u>	<u>\$ 593,668</u>	<u>\$ 1,738,783</u>	<u>\$ 4,895,418</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, 2014, 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, 2014:

	Carrying Value	Fair Value
Cash deposits	\$ 1,838,793	\$ 1,838,793
FHLB, interest rates at 1.25 % to 2.05%, maturing 2027	1,434,875	1,380,679
FNMA, interest rates at .75% to 2.50%, maturing 2028	1,100,000	1,062,148
FHLMC, interest at 1.25%, maturing 2023	245,790	249,738
GNMA pass thru pool, interest at 4.5%, maturing 2023	135,514	134,164
FNMA pass thru pool, interest at 6.5%, maturing 2026	5,098	5,784
FNMA quarterly calls, interest at .70, maturing 2017	225,247	224,113
Total investments	<u>\$ 4,985,317</u>	<u>\$ 4,895,419</u>

NATRONA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Related Organizations

The County provided revenues to various component units during the fiscal year ended June 30, 2014. Following are the amounts provided and the associated amounts payable to these component units as of June 30, 2014.

	Revenues Provided	Amounts Payable June 30, 2014
Natrona County Weed and Pest Control	\$ -	\$ 1,422,065
Natrona County Fair	779,442	-
Natrona County Public Library	2,364,298	-
City of Casper/Natrona County Health Department	662,083	-
Community Action Partnership of Natrona County	203,666	-

Note 16. Standards Issued, But Not Yet Implemented

As of June 30, 2014, the Governmental Accounting Standards Board had issued the following standards which the County will implement in its 2015 fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, amends Statement 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities.

Management has not concluded its assessment of the effect of implementing this guidance.

Note 17. Subsequent Events

Subsequent to year end, the County entered into a contract for engineering, design, and construction management for road projects in the amount of \$309,850.

REQUIRED SUPPLEMENTARY INFORMATION

NATRONA COUNTY, WYOMING

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

Infrastructure Assets Reported Using the Modified Approach

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

The County manages its road network with an assessment system under a contract with an outside party. The network is assessed every three years, with the most recent assessment completed in fiscal year 2013. The roads may be rated as being in standard or substandard condition. Standard paved roads will not need major repairs for 8 to 20 years. Substandard paved roads will need major repairs within 0 to 7 years. Standard gravel roads will not need major repairs for 4 years. Substandard gravel roads will need major repairs within 0 to 4 years due to not having the proper structural base. The following table outlines condition levels, relative remaining life, and maintenance/rehabilitation required for paved and gravel roads as determined by the outside party which prepared the detailed condition survey for the County.

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

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

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2014

Infrastructure Assets Reported Using the Modified Approach (Continued)

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

2014 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	10.3%	6	2.1%	-	0.0%
80 - 84	32	21.9%	2	0.7%	-	0.0%
70 - 79	50	34.2%	25	8.9%	-	0.0%
Sub-standard						
60 - 69	39	26.7%	25	8.9%	-	0.0%
40 - 59	10	6.8%	42	14.9%	-	0.0%
10 - 39	-	0%	182	64.5%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</u>	<u>100%</u>	<u>282</u>	<u>100%</u>	<u>352</u>	<u>100%</u>
2013 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	15	10.3%	4	1.4%	-	0.0%
80 - 84	32	21.9%	2	0.7%	-	0.0%
70 - 79	50	34.2%	25	8.9%	-	0.0%
Sub-standard						
60 - 69	39	26.7%	25	8.9%	-	0.0%
40 - 59	10	6.8%	42	15.0%	-	0.0%
10 - 39	-	0%	182	65.0%	-	0.0%
Unimproved	-	0%	-	0%	352	100%
	<u>146</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>
2012 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard						
85 - 100	7	4.8%	4	1.4%	-	0.0%
80 - 84	11	7.6%	10	3.6%	-	0.0%
70 - 79	35	24.3%	53	18.9%	-	0.0%
Sub-standard						
60 - 69	36	25.0%	113	40.4%	-	0.0%
40 - 59	52	36.3%	99	35.4%	-	0.0%
10 - 39	3	2.0%	1	0.4%	-	0.0%
Unimproved	-	0.0%	-	0%	352	100%
	<u>142</u>	<u>100%</u>	<u>280</u>	<u>100%</u>	<u>352</u>	<u>100%</u>

NATRONA COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2014

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	2014		2013		2012	
	Bridges	Percent	Bridges	Percent	Bridges	Percent
Acceptable (80 to 100 points)	12	50%	12	50%	11	46%
Borderline (50 to 80 points)	6	25%	6	25%	6	25%
Deficient (less than 50 points)	6	25%	6	25%	7	29%
	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>	<u>24</u>	<u>100%</u>

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

	2014	2013	2012	2011	2010
Estimated maintenance and preservation expenditures	\$ 4,766,897	\$ 4,938,727	\$ 4,414,935	\$ 3,381,031	\$ 3,958,625
Actual maintenance and preservation expenditures	5,124,357	2,914,896	4,300,637	2,372,212	3,717,206
	<u>\$ 357,460</u>	<u>\$ (2,023,831)</u>	<u>\$ (114,298)</u>	<u>\$ (1,008,819)</u>	<u>\$ (241,419)</u>

NATRONA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 30,160,991	\$ 30,160,991	\$ 30,086,962	\$ (74,029)
Licenses and permits	1,765,435	1,765,435	2,159,290	393,855
Intergovernmental	2,594,500	2,594,500	9,764,760	7,170,260
Charges for services	3,512,907	3,512,907	3,535,668	22,761
Investment income	32,000	32,000	44,517	12,517
Miscellaneous	581,880	581,880	1,934,316	1,352,436
Total revenues	38,647,713	38,647,713	47,525,513	8,877,800
Expenditures				
Current				
Agriculture	256,071	256,421	220,418	36,003
Assessor	947,262	947,262	826,713	120,549
Clerk	1,603,012	1,597,202	1,426,586	170,616
Coroner	382,945	383,092	360,761	22,331
Clerk of Court	1,636,258	1,677,078	1,534,215	142,863
Commissioners	14,912,692	16,091,349	14,824,638	1,266,711
Information technology	1,541,369	1,541,369	1,469,220	72,149
One percent	2,344,300	2,344,300	1,590,398	753,902
Road and bridge	4,269,111	4,401,361	4,312,768	88,593
Sheriff	15,198,506	15,290,004	14,666,498	623,506
Treasurer	907,799	907,799	845,465	62,334
Total expenditures	43,999,325	45,437,237	42,077,680	3,359,557
Excess (deficiency) of revenues over expenditures	\$ (5,351,612)	\$ (6,789,524)	5,447,833	\$ 5,518,243
Fund balance - beginning of year			30,673,477	
Fund balance - end of year			\$ 36,121,310	

See accompanying note to required supplementary information

NATRONA COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

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

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

	General Fund
Revenues	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 47,525,513
Difference - Budget Basis to GAAP Basis	
Accrual of accounts receivable	26,863
Accrual of property taxes receivable	404,546
Accrual of grants receivable	(216,355)
Accrual of contributed capital	348,099
Accrual of investment income	124,857
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 48,213,523
Expenditures	
Actual amounts (budgetary basis) from the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 42,077,680
Difference - Budget Basis to GAAP Basis	
Payment of principal on certificates of participation	8,650,000
Accrual of accounts payable	1,794,750
Accrual of interest expense	187,306
Accrual of compensated absences	24,669
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 52,734,405

OTHER SUPPLEMENTARY INFORMATION

NATRONA COUNTY, WYOMING

**NATRONA COUNTY COURT SUPERVISED TREATMENT PROGRAM
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
Year Ended June 30, 2014**

	State	Program Income	Total
CASH RECEIPTS			
State funds	\$ 407,358	\$ -	\$ 407,358
Program income	-	34,265	34,265
Total cash receipts	<u>407,358</u>	<u>34,265</u>	<u>441,623</u>
CASH DISBURSEMENTS			
Administrative	6,471	512	6,983
Client supplies	5,857	2,470	8,327
Drug testing contract	1,290	15,380	16,670
Insurance	29,332	-	29,332
Medicare	3,447	-	3,447
Office equipment	2,001	1,808	3,809
Office lease	32,882	-	32,882
Office supplies	3,828	192	4,020
Program evaluation	4,575	6,815	11,390
Program materials	5,956	686	6,642
Salaries	250,491	792	251,283
Social security	14,867	-	14,867
Telephone equipment	4,163	-	4,163
Telephone line charges	3,459	221	3,680
Travel	1,264	2,148	3,412
Unemployment	2,031	-	2,031
Workers' compensation	4,425	-	4,425
Wyoming retirement	34,027	-	34,027
Total cash disbursements	<u>410,366</u>	<u>31,024</u>	<u>441,390</u>
Increase (decrease) in cash	(3,008)	3,241	233
Cash balance held by general fund, beginning	<u>(4,843)</u>	<u>147,775</u>	<u>142,932</u>
Cash balance held by general fund, ending	<u>\$ (7,851)</u>	<u>\$ 151,016</u>	<u>\$ 143,165</u>

NATRONA COUNTY, WYOMING

**SCHEDULE OF PROPERTY TAXES LEVIED AND COLLECTED -
LAST FIVE FISCAL YEARS
Year Ended June 30, 2014**

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Property Taxes Collected</u>	<u>Percentage of Taxes Collected</u>
2014	\$ 88,601,386	\$ 87,467,925	98.72%
2013	87,963,403	87,840,239	99.86%
2012	82,610,731	82,505,226	99.87%
2011	72,838,684	72,777,970	99.92%
2010	90,639,769	90,568,270	99.92%

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
NATRONA COUNTY PUBLIC LIBRARY

June 30, 2014

	Natrona County Public Library	Natrona County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 452,381	\$ 349,254	\$ 801,635
Investments	96,865	-	96,865
Beneficial interest in assets held by others	-	279,998	279,998
Capital assets not being depreciated	747,280	1,500,000	2,247,280
Capital assets being depreciated, net	1,308,661	-	1,308,661
Restricted investments	-	2,238,652	2,238,652
Total assets	<u>2,605,187</u>	<u>4,367,904</u>	<u>6,973,091</u>
LIABILITIES			
Accounts payable and accrued liabilities	25,609	12	25,621
Noncurrent liabilities			
Due in more than one year	101,438	-	101,438
Total liabilities	<u>127,047</u>	<u>12</u>	<u>127,059</u>
NET POSITION			
Net investment in capital assets	747,280	1,500,000	2,247,280
Restricted by donors	-	2,238,652	2,238,652
Unrestricted	1,730,860	629,240	2,360,100
Total net position	<u>\$ 2,478,140</u>	<u>\$ 4,367,892</u>	<u>\$ 6,846,032</u>

NATRONA COUNTY, WYOMING

**COMBINING STATEMENT OF ACTIVITIES
NATRONA COUNTY PUBLIC LIBRARY**

Year Ended June 30, 2014

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Natrona County Public Library	\$ 2,650,994	\$ 47,315	\$ 2,805,931	\$ 6,267
Natrona County Public Library Foundation	147,646	-	-	-
	\$ 2,798,640	\$ 47,315	\$ 2,805,931	\$ 6,267
		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>
\$ 208,519	\$ -	\$ 208,519
-	(147,646)	(147,646)
<u>208,519</u>	<u>(147,646)</u>	<u>60,873</u>
1,806	361,298	363,104
14,076	6,772	20,848
-	302,448	302,448
<u>15,882</u>	<u>670,518</u>	<u>323,296</u>
224,401	522,872	747,273
<u>2,253,739</u>	<u>3,845,020</u>	<u>6,098,759</u>
<u>\$ 2,478,140</u>	<u>\$ 4,367,892</u>	<u>\$ 6,846,032</u>

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION

NATRONA COUNTY FAIR

June 30, 2014

	Natrona County Fair	Central Wyoming Sports Foundation Executrust	Total
ASSETS			
Cash and cash equivalents	\$ 294,893	\$ 27,841	\$ 322,734
Accrued interest receivable	129	287	416
Capital assets being depreciated, net	3,681,059	-	3,681,059
Restricted investments	278,781	474,787	753,568
Total assets	4,254,862	502,915	4,757,777
LIABILITIES			
Accounts payable and accrued liabilities	10,617	-	10,617
Noncurrent liabilities			
Due within one year	1,410	-	1,410
Due in more than one year	41,935	-	41,935
Total liabilities	53,962	-	53,962
NET POSITION			
Net investment in capital assets	3,681,059	-	3,681,059
Restricted by donors	278,781	474,787	753,568
Unrestricted	241,060	28,128	269,188
Total net position	\$ 4,200,900	\$ 502,915	\$ 4,703,815

NATRONA COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES

NATRONA COUNTY FAIR

Year Ended June 30, 2014

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Natrona County Fair	\$ 1,625,092	\$ 820,237	\$ 555,074	\$ 224,368
Central Wyoming Sports Foundation Executrust	8,760	-	-	-
	\$ 1,633,852	\$ 820,237	\$ 555,074	\$ 224,368
		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
\$ (25,413)	\$ -	\$ (25,413)
-	(8,760)	(8,760)
<u>(25,413)</u>	<u>(8,760)</u>	<u>(34,173)</u>
1,767	2,577	4,344
<u>1,767</u>	<u>2,577</u>	<u>4,344</u>
(23,646)	(6,183)	(29,829)
<u>4,224,546</u>	<u>509,098</u>	<u>4,733,644</u>
<u>\$ 4,200,900</u>	<u>\$ 502,915</u>	<u>\$ 4,703,815</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, 2014

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,179,315	\$ 1,179,315	\$ 1,527,585	\$ 348,270
Intergovernmental	72,000	72,000	197,767	125,767
Charges for services	204,300	204,300	325,661	121,361
Investment income	1,000	1,000	1,943	943
Miscellaneous	2,822	2,822	40,491	37,669
Total revenues	<u>1,459,437</u>	<u>1,459,437</u>	<u>2,093,447</u>	<u>634,010</u>
Expenditures				
Conservation of natural resources	2,164,894	2,162,594	2,118,637	43,957
Capital outlay	202,500	252,500	145,726	106,774
Total expenditures	<u>2,367,394</u>	<u>2,415,094</u>	<u>2,264,363</u>	<u>150,731</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (907,957)</u>	<u>\$ (955,657)</u>	(170,916)	<u>\$ 784,741</u>
Fund balance - beginning of year			<u>1,115,889</u>	
Fund balance - end of year			<u>\$ 944,973</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, 2014

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 612,100	\$ 612,100	\$ 779,442	\$ 167,342
Charges for services	811,300	811,300	820,237	8,937
Investment income	2,000	2,000	140	(1,860)
Total revenues	<u>1,425,400</u>	<u>1,425,400</u>	<u>1,599,819</u>	<u>174,419</u>
Expenditures				
Culture and recreation	1,368,373	1,399,900	1,375,716	24,184
Capital outlay	233,000	233,000	227,196	5,804
Total expenditures	<u>1,601,373</u>	<u>1,632,900</u>	<u>1,602,912</u>	<u>29,988</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (175,973)</u>	<u>\$ (207,500)</u>	(3,093)	<u>\$ 204,407</u>
Fund balance - beginning of year			<u>593,666</u>	
Fund balance - end of year			<u>\$ 590,573</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, 2014

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,781,931	\$ 2,781,931	\$ 2,805,931	\$ 24,000
Charges for services	41,900	41,900	47,315	5,415
Investment income	-	-	940	940
Miscellaneous	15,700	15,700	14,076	(1,624)
Total revenues	<u>2,839,531</u>	<u>2,839,531</u>	<u>2,868,262</u>	<u>28,731</u>
Expenditures				
Culture and recreation	2,791,703	2,791,703	2,718,630	73,073
Capital outlay	146,975	146,975	147,342	(367)
Total expenditures	<u>2,938,678</u>	<u>2,938,678</u>	<u>2,865,972</u>	<u>72,706</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (99,147)</u>	<u>\$ (99,147)</u>	2,290	<u>\$ 101,437</u>
Fund balance - beginning of year			<u>532,573</u>	
Fund balance - end of year			<u>\$ 534,863</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, 2014

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 2,103,182	\$ 2,103,182	\$ 2,202,438	\$ 99,256
Charges for services	596,850	596,850	695,079	98,229
Investment income	2,000	2,000	2,224	224
Miscellaneous	650	650	9,329	8,679
Total revenues	<u>2,702,682</u>	<u>2,702,682</u>	<u>2,909,070</u>	<u>206,388</u>
Expenditures				
Health and welfare	3,333,380	3,333,380	3,098,533	234,847
Capital outlay	20,000	20,000	103,546	(83,546)
Total expenditures	<u>3,353,380</u>	<u>3,353,380</u>	<u>3,202,079</u>	<u>151,301</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (650,698)</u>	<u>\$ (650,698)</u>	(293,009)	<u>\$ 357,689</u>
Fund balance - beginning of year			<u>1,633,815</u>	
Fund balance - end of year			<u>\$ 1,340,806</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, 2014

	Budget Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 1,801,569	\$ 1,801,569	\$ 1,832,402	\$ 30,833
Investment income	-	-	18	18
Miscellaneous	212,125	212,125	197,822	(14,303)
Total revenues	<u>2,013,694</u>	<u>2,013,694</u>	<u>2,030,242</u>	<u>16,548</u>
Expenditures				
Health and welfare	2,018,237	2,018,237	1,968,776	49,461
Capital outlay	-	-	9,500	(9,500)
Total expenditures	<u>2,018,237</u>	<u>2,018,237</u>	<u>1,978,276</u>	<u>39,961</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,543)</u>	<u>\$ (4,543)</u>	51,966	<u>\$ 56,509</u>
Fund balance - beginning of year			<u>78,587</u>	
Fund balance - end of year			<u>\$ 130,553</u>	

SINGLE AUDIT SECTION

NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Wyoming Department of Health			
Emergency Solutions Grant Program	14.231	ESG.NTR1205	\$ 1,830
Emergency Solutions Grant Program	14.231	13ESG05-NTRCAP	98,975
			<u>100,805</u>
Passed through City of Casper Housing Authority			
Supportive Housing Program	14.235	WY0002B8T001205	82,183
Supportive Housing Program	14.235	WY0002B8T001104	36,776
			<u>118,959</u>
Total U.S. Department of Housing and Urban Development			<u>219,764</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Department of Family Services			
Juvenile Accountability Block Grants	16.523	JB-11-004	13,790
Passed through the Wyoming Division of Victims Services			
Violence Against Women Formula Grants	16.588	2012-WF-AK-0049	1,899
Direct			
Bulletproof Vest Partnership Program	16.607	n/a	7,381
Equitable Sharing Program	16.922	n/a	6,287
Total U.S. Department of Justice			<u>29,357</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation			
Passed through Wyoming Association of Sheriffs and Police Chiefs			
<i>Highway Safety Cluster</i>			
National Highway Traffic Safety Administration			
State and Community Highway Safety	20.600	402	3,700
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	410	6,550
<i>Total Highway Safety Cluster</i>			<u>10,250</u>
Passed through Wyoming Department of Transportation			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants	20.703	14-COT-NAT-HM-HMP14	909
Total U.S. Department of Transportation			<u>11,159</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRCSG101005-04-00	2,306
Passed through Wyoming Department of Health			
Public Health Emergency Preparedness	93.069	n/a	259,786
Passed through the University of Colorado at Denver			
AIDS Education and Training Centers	93.145	FY14.163.013	147,798
			<u>147,798</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards

NATRONA COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2014

Federal Grantor Program Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>			
<i>Health Centers Cluster</i>			
Direct			
Consolidated Health Centers - Health Care for the Homeless	93.224	H80CS02330-11-02	\$ 508,175
<i>Total Health Centers Cluster</i>			<u>508,175</u>
<i>TANF Cluster</i>			
Passed through Wyoming Department of Health			
Temporary Assistance for Needy Families	93.558	n/a	137,656
Passed through Wyoming Department of Family Services			
Temporary Assistance for Needy Families	93.558	n/a	102,801
<i>Total TANF Cluster</i>			<u>240,457</u>
Passed through Wyoming Department of Health			
Community Services Block Grant	93.569	CSBG.NATR1309	135,151
Community Services Block Grant	93.569	CSBG.NATR1409	290,117
Total Community Services Block Grant			<u>425,268</u>
HIV Prevention Activities - Health Department Based	93.940	n/a	227
National Bioterrorism Hospital Preparedness Program	93.889	n/a	2,869
Total U.S. Department of Health and Human Services			<u>1,586,886</u>
<u>Executive Office of the President</u>			
Passed through Wyoming Division of Criminal Investigation			
High Intensity Drug Trafficking Areas Program	95.001	G14RM0012A	34,067
High Intensity Drug Trafficking Areas Program	95.001	G13RM0012A	40,881
Total Executive Office of the President			<u>74,948</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Emergency Management Performance Grants	97.042	13-GPD-NAT-EM-GCF13	30,000
Homeland Security Grant Program	97.067	12-GPD-NAT-CC-HCC12	3,000
Homeland Security Grant Program	97.067	13-GPD-NAT-LS-HLE13	16,676
Homeland Security Grant Program	97.067	13-GPD-NAT-SC-HSG13	89,464
Homeland Security Grant Program	97.067	11-GPD-NAT-SC-HSG11	358
Homeland Security Grant Program	97.067	12-GPD-NAT-SC-HSG12	60,166
Homeland Security Grant Program	97.067	12-GPD-NAT-LS-HLE12	13,946
Homeland Security Grant Program	97.067	11-GPD-NAT-LC-HLE11	4,442
Homeland Security Grant Program	97.067	12-GPD-NAT-LC-HLC12	1,006
			<u>189,058</u>
Total U.S. Department of Homeland Security			<u>219,058</u>
Total federal financial assistance			<u>\$ 2,141,172</u>

See accompanying notes to the schedule of expenditures of federal awards

NATRONA COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

Note 1. Basis of Accounting

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

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

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under OMB Circular No. A-87. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there are no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2014, the County recognized \$3,474,159 of PILT entitlement as income.

Note 3. Subrecipients

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

Federal Grantor Program Title	Federal CFDA Number	Amount provided to Subrecipients
Emergency Shelter Grants Program	14.231	\$ 38,616
Juvenile Accountability Incentive Block Grants	16.523	12,703
Temporary Assistance for Needy Families	93.558	26,559
Community Services Block Grant	93.569	<u>44,154</u>
Total federal financial assistance		<u>\$ 122,032</u>



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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Natrona County, Wyoming as of and for the year ended June 30, 2014, 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 February 19, 2015. Our report includes a reference to other auditors, who audited the financial statements of the Natrona County International Airport, a discretely presented component unit of Natrona County, Wyoming, as described in our report on Natrona County, Wyoming's basic financial statements. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Natrona County, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2014-003.

We noted certain matters we have reported to management of Natrona County, Wyoming in a separate letter dated February 19, 2015.

Natrona County, Wyoming's Response to Findings

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

Purpose of this Report

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
February 19, 2015



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Natrona County, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Natrona County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Natrona County, Wyoming's basic financial statements include the operations of the Natrona County International Airport, a discretely presented component unit, which received \$1,143,552 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014. Our audit, described below, did not include the operations of the Natrona County International Airport because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Natrona County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Natrona County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Natrona County, Wyoming's compliance.

Opinion on Each Major Federal Program

In our opinion, Natrona County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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 our 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Natrona County, Wyoming's internal control over compliance.

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

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

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
February 19, 2015

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified	None reported
Noncompliance material to financial statements noted	Yes

Federal Awards

Internal control over major federal programs	
Material weaknesses identified	No
Significant deficiencies identified	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	No

Identification of major federal programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>	
	<i>Health Centers Cluster</i>		
93.224	Consolidated Health Centers - Health Care for the Homeless	<u>\$ 508,175</u>	No findings
93.569	Community Services Block Grant	<u>425,268</u>	No findings
97.067	Homeland Security Grant Program	<u>189,058</u>	No findings
		<u><u>\$ 1,122,501</u></u>	

(Continued)

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

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

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

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

Material Weakness in Internal Control over Financial Reporting

2014-001 Internal Control over Financial Reporting

Criteria

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

Condition

The activity associated with the refunding of the 2004 certificates of participation and the issuance of the 2014 certificates of participation was not properly recorded in the general fund. In our judgment, the County's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP, and to detect and correct a material misstatement, if present.

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The County once again understands the guidelines as it relates to GAAP financial statements. While the County continues to employ a CPA, it has employed an outside accounting firm to assist in compiling parts of the external financial statements. It is also under strong consideration to hire that firm or another to take over all external financial statement preparation.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

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

Material Weakness in Internal Control over Financial Reporting

2014-002 Internal Control over Fund Accounting

Criteria

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

Condition

The County's current accounting software package requires separate companies be set up to create self-balancing accounts. To overcome the necessity of creating separate companies, the County has created identifiers within the account structure to designate specific funds. However, when a separate company is not created, the changes within all the accounts are automatically closed to the general fund equity account.

The download of the trial balance we received contained funds which were out of balance; general journal entries were improperly posted across multiple funds, rather than balancing within a single fund. Numerous journal entries were posted directly to equity, rather than to revenue or expenditure accounts. Time was not spent to prepare and post the entries necessary to reclass the activity closed to the general fund to the other funds, to correct the journal entries posted directly to equity, nor to correct unbalanced journal entries posted across multiple funds.

In our judgment, when faced with a single general ledger, the County's accounting personnel lack the skills to identify out of balance funds based solely on the account structure. In addition, accounting personnel lack the skills necessary to recognize when general journal entries are being improperly posted across multiple funds.

Recommendation

Management should consider the acquisition of fund accounting software to alleviate the issues associated with closing all activity to the general fund. Fund accounting software will allow funds to be clearly distinguished and allow accounting personnel to determine funds are in balance. The individuals responsible for the general ledger must receive additional training to fully understand the fund structure to insure journal entries are balanced for each fund. Management may also mitigate this weakness by utilizing the services of another accounting firm to assist in developing and posting entries to balance each individual fund as part of compiling the external financial statements.

Views of Responsible Officials and Planned Corrective Actions

The County hired a Sage/MAS 200 software expert to revamp the current accounting program and to better organize fund accounts as well as all revenue and expenditure accounts and to "simplify" the process for financial reporting. The County hopes to employ the new accounting software sometime before the end of FY15.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

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

Compliance Finding

2014-003 Natrona County Fair Violation of State Statute §9-4-831 Investment of Public Funds

Criteria

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, 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.

Condition

The Natrona County Fair currently holds investments in corporate bonds, a violation of the above statute. The investment manager at the bank changed and was not familiar with the State Statutes; investment holdings were restructured by this individual to maximize investment income. The Board and Manager did not review the investment statements in a timely manner to note the change to unauthorized investments.

Recommendation

We recommend any changes in investments be reviewed and specifically authorized by the Board or Manager prior to changes being made by the bank's investment manager. The Board should consider meeting with the bank investment manager on an annual basis, and provide a copy of the applicable State Statutes to the individuals involved in the process of selecting or recommending investments. Investment statements should be reviewed monthly by a responsible person to insure they fall within the requirements of the State Statutes. In addition, by State Statute, the State Auditor and the State Treasurer shall conduct voluntary education programs for persons elected or appointed for the first time to any office or as an employee of the political subdivision where the duties of the office or position of employment include taking actions related to investment of public funds and shall also hold annual voluntary continuing education programs for persons continuing to hold those offices and positions of employment. All new board members and continuing board members who are responsible for management investments should attend this education program.

Views of Responsible Officials and Planned Corrective Actions

Members of the Board will set up an annual meeting with the investment manager at the bank and provide any new individuals copies of the applicable State Statutes. As soon as informed of the lack of compliance, we contacted our investment manager to address the issue. Management received a letter dated November 24, 2014 from the investment manager at the bank which informed us all corporate bond had been sold and the investments held are now in compliance with the State Statutes.

NATRONA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

III. Findings and Questioned Costs for Federal Awards

Internal Control Findings

None.

Compliance Findings

None.

NATRONA COUNTY, WYOMING

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

None reported.