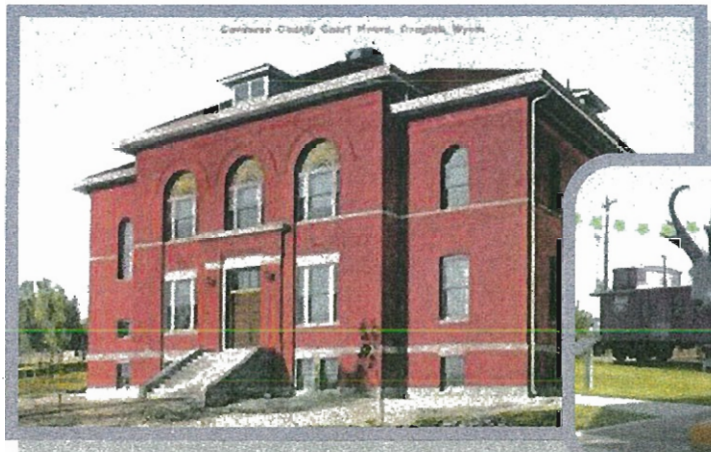




Converse County
Wyoming



**Financial
and
Compliance Report
Year Ended June 30, 2011**



CONVERSE COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED JUNE 30, 2011

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Converse County, Wyoming

We have audited the accompanying basic financial statements of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Converse County, Wyoming, as of and for the year ended June 30, 2011, which collectively comprise Converse County, Wyoming's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Converse County, Wyoming's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital of Converse County, Converse County Weed and Pest Control District, and the Converse County Airport Board, discretely presented component units, which represent 98 percent, 97 percent and 97 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units of Converse County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Converse County, Wyoming, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2012, on our consideration of Converse County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We 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 budgetary comparison information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Converse County's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Converse County. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional 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 awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

February 24, 2012

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

This section of Converse County, Wyoming's annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2011. 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.

Financial Highlights

Converse County's total assets exceeded liabilities as of June 30, 2011 by \$43,942,303 (net assets). Of this amount \$19,550,906 (unrestricted net assets) may be used to meet ongoing obligations, \$22,197,380 is invested in capital assets, net of related debt.

As of June 30, 2011, the County's governmental funds reported combined fund balances of \$21,012,117. Unassigned fund balance of the combined fund balance was \$12,602,975.

The fund balance for the general fund was \$16,948,958 as of June 30, 2011, with an unassigned fund balance of \$12,602,975.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the County's basic financial statements. In general, the purpose of the financial reporting is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. These parties do not always have the same specific objectives. In order to address the needs of as many parties as reasonably possible the County's, in accordance with required reporting standards, annual report consists of four components 1) management's discussion and analysis (this section); 2) government – wide financial statements; 3) fund financial statements and 4) notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government - wide Financial Statements

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

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

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

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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 Converse County itself, (known as the primary government), but also the following legally separate entities: Converse County Weed and Pest Control District, Converse County Airport Board, Converse County Tourism Board, Converse County Public Library, and the Memorial Hospital of Converse County. The County is financially accountable for these entities and appoints directors to their boards which require them to be identified as component units of Converse County, Wyoming. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Complete financial statements for the Converse County Weed and Pest Control District, Converse County Airport Board, and Memorial Hospital of Converse County may be obtained from these entity's administrative offices.

The County's government - wide financial statements are presented on pages 15 through 17.

Fund Financial Statements

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

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

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

The County presents in separate columns funds that are most significant to the County.

The County governmental fund financial statements are presented on pages 18 through 21.

The County uses a proprietary-type fund to account for its medical insurance activity. A proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Internal Service Fund

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

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 page 26.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government – wide and fund statements. The notes are presented on pages 31 through 54.

Required Supplementary Information is presented concerning the County's General Fund budget. 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 58.

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 60 through 70 and governmental audit and compliance information is presented on pages 72 through 87.

Government – wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$43,942,303. By far the largest portion of the County's net assets (50%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads and bridges. These assets are not available for future spending. The County had \$47,996 in outstanding debt related to its capital assets. The unrestricted net assets of \$19,550,906 (44%) may be used to meet the County's ongoing obligations.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

The County's net assets for the governmental activities as of June 30, 2011 were as follows:

	2011	Variance	2010
ASSETS			
Current assets	\$ 22,844,890	\$ 1,992,010	\$ 20,852,880
Capital assets, net of accumulated depreciation	22,245,376	2,477,040	19,768,336
Total assets	45,090,266	4,469,050	40,621,216
LIABILITIES			
Current liabilities	947,557	892,681	1,840,238
Due in more than one year	200,406	(50,836)	149,570
Total liabilities	1,147,963	841,845	1,989,808
NET ASSETS			
Invested in capital assets, net of related debt	22,197,380	2,429,044	19,768,336
Restricted	2,194,017	2,194,017	-
Unrestricted	19,550,906	687,834	18,863,072
Total net assets	\$ 43,942,303	\$ 5,310,895	\$ 38,631,408

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

The following schedule details the changes in net assets for the County's governmental activities:

Revenues	2011	Percentage	2010	Percentage	Variance
General					
Taxes					
Property	\$ 6,351,386	35.4%	\$ 6,193,791	41.2%	\$ 157,595
Sales	3,079,012	17.2%	3,248,002	21.6%	(168,990)
Other	3,260,603	18.2%	741,772	4.9%	2,518,831
Payments in lieu of taxes	765,404	4.3%	673,366	4.5%	92,038
Unrestricted interest earnings	252,692	1.4%	309,738	2.1%	(57,046)
Miscellaneous revenue (other)	269,941	1.5%	64,774	0.4%	205,167
Program Revenues					
Charges for services	1,022,236	5.7%	665,493	4.4%	356,743
Operating grants and contributions	1,044,932	5.8%	2,003,773	13.3%	(958,841)
Capital grants contributions	1,879,586	10.5%	1,140,575	7.6%	739,011
Total revenues	17,925,792	100.0%	15,041,284	100.0%	2,884,508
Expenses					
General government	5,658,486	45.3%	3,471,446	31.9%	2,187,040
Public safety	3,563,601	28.5%	4,081,453	37.5%	(517,852)
Public works	2,714,911	21.7%	2,199,456	20.2%	515,455
Health, welfare, and recreation	312,161	2.5%	1,011,777	9.3%	(699,616)
Conservation of natural resources	257,757	2.1%	114,323	1.1%	143,434
Capital outlay	-	0.0%	-	0.0%	-
Total expenses	12,506,916	100.1%	10,878,455	100.0%	1,628,461
Changes in net assets	\$ 5,418,876		\$ 4,162,829		\$ 1,256,047

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Financial Analysis of the County's Funds

The County's activities are contained in the General, Road Construction, and Capital Facilities Tax funds. As previously mentioned the focus of the County's governmental funds is to provide information on the near - term inflows, outflows and balances of expendable resources.

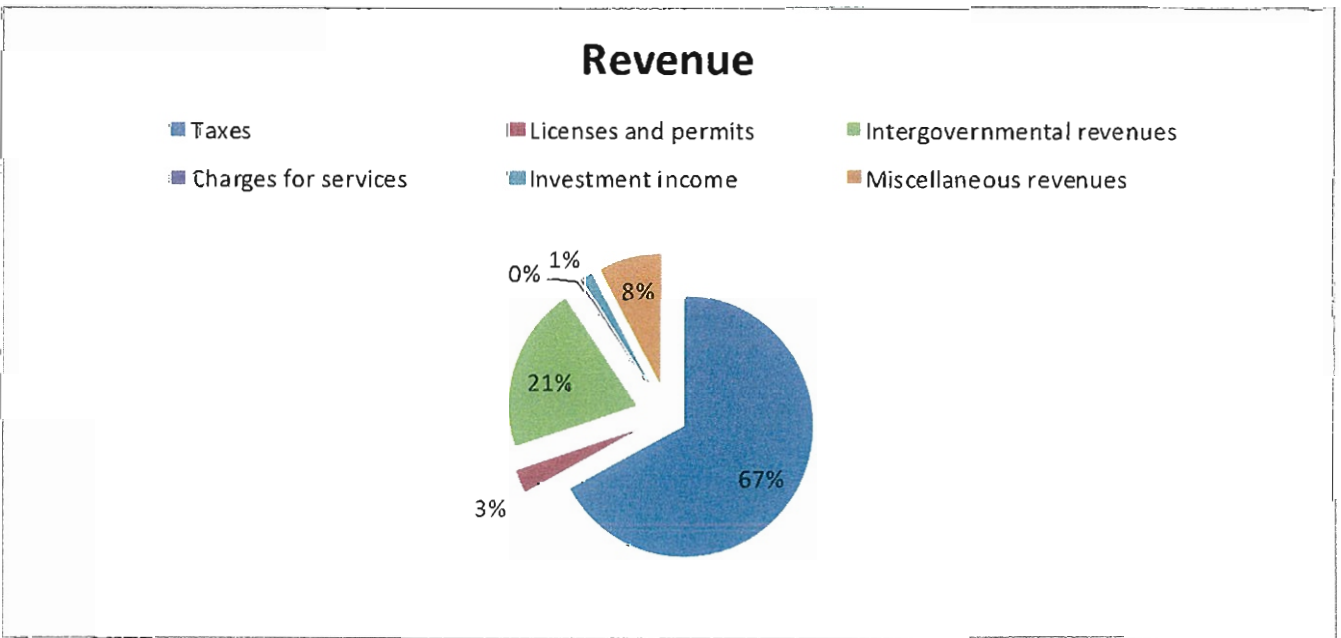
At June 30, 2011, the County's governmental funds reported combined fund balances of \$21,012,117.

The General Fund is the main operating fund of the County. As of June 30, 2011, the total fund balance was \$16,948,958, while the unreserved General Fund balance was \$12,602,975.

The County Road Fund is used to account for the construction and maintenance of the County roads other than those financed by the general fund. As of June 30, 2011, the County Road Fund shows a fund balance of \$3,076,865.

Revenues for governmental funds were approximately \$16.7 million for the fiscal year ended June 30, 2011. The following schedule presents revenues by source.

Revenues	2011	Percentage	2010	Percentage	Variance
Taxes	\$12,011,141	67.0%	\$11,846,156	79.5%	\$ 164,985
Licenses and permits	513,332	2.9%	5,383	0.0%	507,949
Intergovernmental revenues	3,702,459	20.7%	2,030,682	13.6%	1,671,777
Charges for services	63,020	0.4%	660,109	4.4%	(597,089)
Investment income	248,871	1.4%	286,488	1.9%	(37,617)
Miscellaneous revenues	1,379,996	7.7%	96,785	0.6%	1,283,211
Total revenues	\$17,918,819	100.1%	\$14,925,603	100.0%	\$ 2,993,216



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Financial Analysis of the County's Funds (Continued)

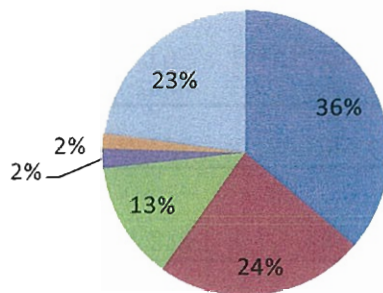
Expenditures for governmental funds were approximately \$14 million for fiscal year 2011.

The following schedule presents expenditures by activities.

Expenditures	2011	Percentage	2010	Percentage	Variance
Current					
General government	\$ 5,535,744	36.2%	\$ 3,382,660	26.4%	\$ 2,153,084
Public safety	3,608,122	23.6%	3,760,400	29.4%	(152,278)
Public works	2,048,029	13.4%	2,031,351	15.9%	16,678
Health, welfare and recreation	340,062	2.2%	1,010,036	7.9%	(669,974)
Conservation of natural resources	263,076	1.7%	114,860	0.9%	148,216
Capital outlay	3,489,953	22.8%	2,494,300	19.5%	995,653
Total expenditures	\$ 15,284,986	100.0%	\$ 12,793,607	100.0%	\$ 2,491,379

Expenses

- General government
- Public safety
- Public works
- Health, welfare and recreation
- Conservation of natural resources
- Capital outlay



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Capital Assets and Debt Administration

The County's investment in capital assets for its governmental activities as of June 30, 2011 was approximately \$22 million (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 12.5 percent.

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,000,325	\$ -	\$ -	\$ 2,000,325
Construction in progress	313,853	703,354		1,017,207
Total capital assets not being depreciated	<u>2,314,178</u>	<u>703,354</u>	<u>-</u>	<u>3,017,532</u>
Capital assets being depreciated				
Infrastructure	34,341,725	1,189,856	-	35,531,581
Buildings and building improvements	4,389,662	637,870	-	5,027,532
Machinery, equipment, and office fixtures	9,042,141	1,866,769	186,024	10,722,886
Total capital assets being depreciated	<u>47,773,528</u>	<u>3,694,495</u>	<u>186,024</u>	<u>51,281,999</u>
Less accumulated depreciation for				
Infrastructure	21,770,332	902,213	-	22,672,545
Buildings and building improvements	3,391,801	63,949	-	3,455,750
Machinery, equipment, and office fixtures	5,157,237	886,074	117,451	5,925,860
Total accumulated depreciation	<u>30,319,370</u>	<u>1,852,236</u>	<u>117,451</u>	<u>32,054,155</u>
Total capital assets, being depreciated, net	<u>17,454,158</u>	<u>1,842,259</u>	<u>68,573</u>	<u>19,227,844</u>
Governmental activities, capital assets, net	<u>\$ 19,768,336</u>	<u>\$ 2,545,613</u>	<u>\$ 68,573</u>	<u>\$ 22,245,376</u>

Additional information on the Converse County's capital assets can be found in Note 5 on pages 43 to 46 of this report.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Next Year's Budget and Rates

The 2012 General Fund budget year anticipates \$19,213,012 in revenues and appropriations, up \$2.9 million (18%) from 2011. The County is anticipating \$12,718,699 in revenue in 2012, an increase of \$1.8 million (16%) from 2011.

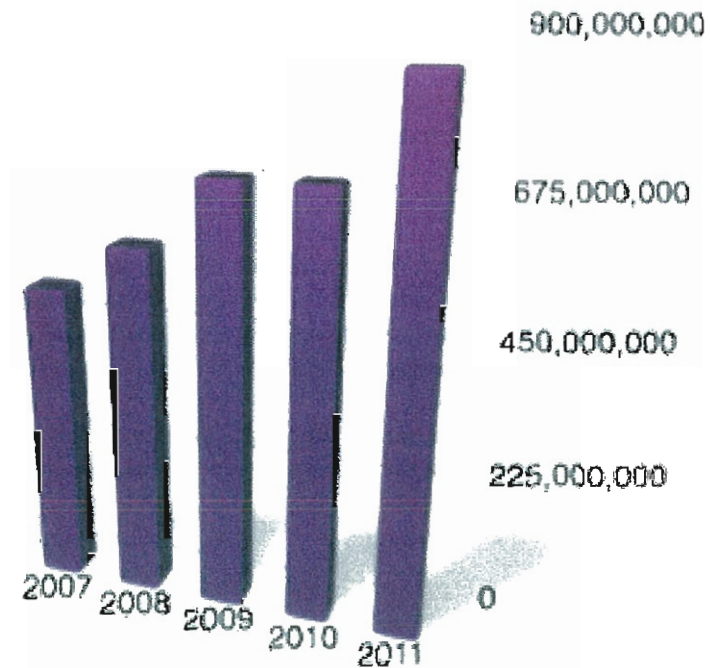
The county has committed to several road and bridge projects for 2012, funded from a variety of sources:

- Ross Road (Co Rd 31): \$3,000,000 project. \$1,000,000 General Fund; \$1,000,000 SLIB Grant; \$1,000,000 Industry and County Road Fund Savings Account
- Jenne Trail (Co Rd 34) Reconstruction: \$490,000 project; \$290,000 General Fund; \$200,000 CMAQ Grant.
- Coal Shadow Bridge Replacement: Future replacement; \$2,185,099 in County Road Fund Savings Account.
- Walker Creek Road (Co Rd 43): \$850,000 project; \$150,000 General Fund; \$700,000 County Road Fund Savings Account.
- Other County Roads as needed: \$1,017,699.

Economic Factors

The anticipated revenue increase for budget year 2012 is primarily due to the steady increase in the Assessed Valuation of the County, which is the basis for property taxes. Since 2007, the Assessed Valuation has increased \$345.5 million, of 68%, and the Assessed Valuation increased \$157.8 million (23%) from the tax year 2010 to 2011. Historically, Converse County collects 98% of all property taxes assessed.

<i>Tax Year</i>	<i>Assessed Value</i>
2007	505,773,517
2008	583,725,972
2009	694,931,035
2010	693,427,374
2011	851,310,494



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

<i>U.S. Census Data</i>	<i>Converse County</i>	<i>Wyoming</i>
Population, 2010	13,833	568,158
Population, % change 2000 to 2010	14.8%	14.1%
Persons under 18 years, 2010	25.4%	24.0%
Persons 65 years and over, 2010	12.8%	12.4%
High School graduates, age 25+	92.0%	91.3%
Bachelor's degree or higher, age 25+	17.6%	23.6%
Housing units, 2010	6,403	261,868
Homeownership rate, 2006-2010	71.6%	70.2%
Median household income, 2006-2010	\$54,599	\$53,802
Persons below poverty level, 2006-2010	7.7%	9.8%
Building permits, 2010	23	2,298
Labor Force, 2010 ave	7,529	293,769
Unemployment rate, 2010 ave	5.8%	7.0%

Long-term Debt

At the end of the current fiscal year, Converse County had debt of \$258,772 from property tax repayments, construction retainage, incurred but not reported claims payable, and compensated absences.

Property tax repayments

A Notice of Valuation Change (NOVC) is issued by the Department of Revenue in response to amended returns by a taxpayer or an audit conducted by the Wyoming Department of Audit. When an NOVC is received by Converse County, the County is obligated to refund taxes to the taxpayer. The County Commissioners can elect to repay the taxpayer in equal installments over the subsequent five years.

When each refund is paid, an amount is withheld from all taxing entities representing their portion of the refund, based on the portion they received when the tax was originally paid. Generally, the County's portion is 12% of the total tax payment.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Long-term Debt (continued)

Property tax repayments (continued)

As of June 30, 2011, the County was required to pay back \$613,105 in property taxes over the next six years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 12% of that total, or \$73,572.

<i>Year</i>	<i>Total Refunds</i>	<i>County Portion</i>
2012	\$136,675	\$16,401
2013	\$230,809	\$27,697
2014	\$97,577	\$11,709
2015	\$88,763	\$10,652
2016	\$41,217	\$4,946
2017	\$18,063	\$2,167
Totals:	613,104	73,5722

Conclusion

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. This 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. If you have questions about the report or need additional financial information, contact Converse County's Treasurer at 107 N 5th Street, Suite 129, Douglas, Wyoming 82633.

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BASIC FINANCIAL STATEMENTS

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CONVERSE COUNTY, WYOMING
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government	Component Units
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 9,341,836	\$ 18,776,328
Investments	11,650,487	6,730,241
Current portion of assets limited as to use	-	972,677
Taxes receivable	313,156	71,293
Accounts receivable	37,447	4,784,238
Due from other governments	1,108,427	210,962
Due from primary government - fiduciary fund	-	42,885
Other current assets	-	193,909
Prepaid expense	69,689	-
Inventory	-	1,369,749
Note receivable	97,400	-
Restricted cash	226,448	-
Investment in limited liability companies	-	433,797
Investment in real estate	-	447,857
Beneficial interest in assets held by others	-	78,650
Deferred financing costs, net of amortization	-	65,325
Capital assets, net of accumulated depreciation	22,245,376	31,186,508
Total assets	<u>45,090,266</u>	<u>65,364,419</u>
LIABILITIES		
Accounts payable and accrued liabilities	375,037	3,322,252
Funds held for others	225,961	-
Deferred revenue	142,989	1,133,639
Refundable advances	23,636	-
Noncurrent liabilities		
Due within one year	179,934	1,201,278
Due in more than one year	200,406	8,901,259
Total liabilities	<u>1,147,963</u>	<u>14,558,428</u>
NET ASSETS		
Invested in capital assets, net of related debt	22,197,380	22,068,823
Restricted	2,194,017	972,677
Permanently restricted, non spendable	-	192,315
Unrestricted	19,550,906	27,572,176
Total net assets	<u>\$ 43,942,303</u>	<u>\$ 50,805,991</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 5,658,486	\$ 471,960	\$ 505,717	\$ -
Public safety	3,563,601	107,905	268,980	1,236,089
Public works	2,714,911	386,040	-	223,497
Health, welfare, and recreation	312,161	56,331	270,235	420,000
Conservation of natural resources	257,757	-	-	-
Total governmental activities	<u>12,506,916</u>	<u>1,022,236</u>	<u>1,044,932</u>	<u>1,879,586</u>
Total primary government	<u>\$ 12,506,916</u>	<u>\$ 1,022,236</u>	<u>\$ 1,044,932</u>	<u>\$ 1,879,586</u>
Component units	<u>\$ 36,902,666</u>	<u>\$ 35,911,277</u>	<u>\$ 729,891</u>	<u>\$ -</u>

General revenues
 Property taxes
 Sales taxes
 Other taxes
 Grants and contributions not restricted to specific programs
 Payments in lieu of taxes
 Unrestricted investment income
 Miscellaneous revenue

Total general revenues

Change in net assets

Net assets, beginning of year

Prior period adjustment

Net assets, beginning of year as restated

Net assets, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		<u>Component Units Totals</u>
<u>Governmental Activities</u>	<u>Total</u>	
\$ (4,680,809)	\$ (4,680,809)	\$ -
(1,950,627)	(1,950,627)	-
(2,105,374)	(2,105,374)	-
434,405	434,405	-
(257,757)	(257,757)	-
<u>(8,560,162)</u>	<u>(8,560,162)</u>	<u>-</u>
(8,560,162)	(8,560,162)	-
-	-	(261,498)
6,351,386	6,351,386	3,765,459
3,079,012	3,079,012	-
3,260,603	3,260,603	177,548
-	-	246,859
765,404	765,404	-
252,692	252,692	354,583
269,941	269,941	171,389
<u>13,979,038</u>	<u>13,979,038</u>	<u>4,715,838</u>
<u>5,418,876</u>	<u>5,418,876</u>	<u>4,454,340</u>
38,631,408	38,631,408	46,273,799
(107,981)	(107,981)	77,852
<u>38,523,427</u>	<u>38,523,427</u>	<u>46,351,651</u>
<u>\$ 43,942,303</u>	<u>\$ 43,942,303</u>	<u>\$ 50,805,991</u>

CONVERSE COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2011

	General Fund	County Roads Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,410,594	\$ 1,521,978	\$ 1,103,335	\$ 9,035,907
Investments	9,520,749	1,536,918	-	11,057,667
Taxes receivable	283,010	-	30,146	313,156
Accounts receivable	-	-	8,218	8,218
Due from other governments	1,014,192	33,407	90,057	1,137,656
Due from other funds	98,736	-	14,683	113,419
Restricted cash	226,448	-	-	226,448
Note receivable	97,400	-	-	97,400
Prepaid expense	46,777	-	-	46,777
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 17,697,906	\$ 3,092,303	\$ 1,246,439	\$ 22,036,648
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 261,905	\$ 15,438	\$ 97,694	\$ 375,037
Due to other funds	3,910	-	109,509	113,419
Deferred revenue	257,172	-	29,306	286,478
Cash held in trust for others	225,961	-	-	225,961
Refundable advances	-	-	23,636	23,636
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	748,948	15,438	260,145	1,024,531
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances				
Nonspendable	46,777	-	-	46,777
Restricted				
Special revenue funds	-	-	298,640	298,640
County road construction	-	1,895,377	-	1,895,377
Committed				
Economic development	200,569	-	-	200,569
Special revenue funds	-	-	687,654	687,654
Road construction	-	1,181,488	-	1,181,488
Assigned	4,098,637	-	-	4,098,637
Unassigned				
General fund	12,602,975	-	-	12,602,975
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	16,948,958	3,076,865	986,294	21,012,117
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 17,697,906	\$ 3,092,303	\$ 1,246,439	\$ 22,036,648
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

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

June 30, 2011

Total fund balances - governmental funds		\$ 21,012,117
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total capital assets reported in the government-wide statements.		22,245,376
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Since the focus of governmental fund statements is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and are not included in the governmental fund balances.

Property taxes	\$ 143,489		143,489
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An internal service fund is used by management to charge the cost of medical insurance to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets		826,661
--	--	---------

Some liabilities exceed the amount that is due and payable in the current period and therefore are not fully reported in the governmental funds.

Property tax debt related to change in valuation	(73,572)		
Retainage	(47,996)		
Compensated absences in total	(163,772)		(285,340)

Net assets of governmental activities		\$ 43,942,303
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CONVERSE COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General Fund	County Roads Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 11,568,661	\$ -	\$ 442,480	\$ 12,011,141
Licenses and permits	513,332	-	-	513,332
Intergovernmental revenues	2,130,361	547,968	1,024,130	3,702,459
Charges for services	6,689	-	56,331	63,020
Investment income	187,132	50,424	11,315	248,871
Miscellaneous revenues	1,367,486	-	12,510	1,379,996
Total revenues	<u>15,773,661</u>	<u>598,392</u>	<u>1,546,766</u>	<u>17,918,819</u>
Expenditures				
Current				
General government	4,982,017	-	553,727	5,535,744
Public safety	3,200,773	-	407,349	3,608,122
Public works	2,048,029	-	-	2,048,029
Health, welfare and recreation	-	-	340,062	340,062
Conservation of natural resources	126,269	-	136,807	263,076
Capital outlay	2,143,364	1,336,078	10,511	3,489,953
Total expenditures	<u>12,500,452</u>	<u>1,336,078</u>	<u>1,448,456</u>	<u>15,284,986</u>
Excess (deficiency) of revenues over expenditures	<u>3,273,209</u>	<u>(737,686)</u>	<u>98,310</u>	<u>2,633,833</u>
Other financing sources (uses)				
Transfers in	1,958,400	141,000	105,856	2,205,256
Transfers (out)	<u>(2,205,256)</u>	<u>-</u>	<u>-</u>	<u>(2,205,256)</u>
Total other financing sources (uses)	<u>(246,856)</u>	<u>141,000</u>	<u>105,856</u>	<u>-</u>
Net changes in fund balances	<u>3,026,353</u>	<u>(596,686)</u>	<u>204,166</u>	<u>2,633,833</u>
Fund balances, beginning of year, before restatement	17,367,269	-	1,011,015	18,378,284
Restatement	<u>(3,444,664)</u>	<u>3,673,551</u>	<u>(228,887)</u>	<u>-</u>
Fund balances, beginning of year	<u>13,922,605</u>	<u>3,673,551</u>	<u>782,128</u>	<u>18,378,284</u>
Fund balances, end of year	<u>\$ 16,948,958</u>	<u>\$ 3,076,865</u>	<u>\$ 986,294</u>	<u>\$ 21,012,117</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 2,633,833

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. These changes are detailed as follows:

Fixed assets acquisitions expended in the governmental funds	\$ 4,397,849	
Loss on disposal of assets	(68,573)	
Depreciation expense for the year	<u>(1,852,236)</u>	2,477,040

The issuance of long-term debt (e.g., lease purchase obligations) provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on changes in net assets. This is the net effect of these differences in the treatment of long term-debt, including compensated absences incurred but not reported claims, and property tax debt related to change in valuation:

Payment on property tax debt related to change in valuation	34,409	
Retainage payable	(47,996)	
Prior year liability for compensated absences	149,570	
Current year liability for compensated absences	<u>(163,772)</u>	(27,789)

An internal service fund is used by management to charge the cost of medical insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities 371,032

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

Property taxes prior year		(178,729)
Property taxes current year		<u>143,489</u>

Change in net assets of governmental activities \$ 5,418,876

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2011

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 305,929
Investments	592,820
Prepaid expense	22,912
Total assets	<u>921,661</u>
LIABILITIES	
Claims payable	95,000
Total current liabilities	<u>95,000</u>
NET ASSETS	
Unrestricted	826,661
Total net assets	<u>\$ 826,661</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2011

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for services	\$ 1,190,680
Miscellaneous income	211,123
	<u>1,401,803</u>
Operating expenses	
Medical costs	786,400
Stop loss insurance	252,179
Total operating expenses	<u>1,038,579</u>
Operating income	<u>363,224</u>
Nonoperating revenue	
Interest income	<u>7,808</u>
Total nonoperating revenue	<u>7,808</u>
Change in net assets	371,032
Net assets, beginning of year	<u>455,629</u>
Net assets, end of year	<u><u>\$ 826,661</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended June 30, 2011

	Business-type Activity Enterprise Fund Internal Service Fund
Cash Flows from Operating Activities	
Receipts from other funds	\$ 1,378,891
Payments to third party administrator	<u>(1,157,579)</u>
Net cash provided by operating activities	<u>221,312</u>
Cash Flows from Investing Activities	
Interest received	7,808
Purchase of investments	<u>(6,480)</u>
Net cash provided by investing activities	<u>1,328</u>
Net increase in cash and cash equivalents	<u>222,640</u>
Cash and cash equivalents, beginning of year	<u>83,289</u>
Cash and cash equivalents, end of year	<u>\$ 305,929</u>
	(Continued)

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

Year Ended June 30, 2011

	Business-type Activity Enterprise Fund Internal Service Fund
Reconciliation of operating income to net cash used in operating activities	
Income from operations	\$ 363,224
Adjustments to reconcile operating income to cash used in operating activities	
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Prepaid expense	(22,912)
Claims payable	(119,000)
Net cash provided by operating activities	<u>\$ 221,312</u>

See accompanying notes to the financial statements

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CONVERSE COUNTY, WYOMING
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2011

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,396,653
Taxes receivable	<u>1,772,063</u>
Total assets	<u>3,168,716</u>
LIABILITIES	
Due to component units	42,885
Due to other governments	1,384,742
Deferred revenue	<u>1,741,089</u>
Total liabilities	<u>3,168,716</u>
NET ASSETS	
Total net assets	<u><u>\$ -</u></u>

CONVERSE COUNTY, WYOMING

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS**

June 30, 2011

	County Airport Board	County Hospital Board	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 247,575	\$ 16,629,418	\$ 1,377,880
Investments	378,883	6,091,149	-
Current portion of assets limited as to use	30,000	942,677	-
Accounts receivable, net	-	4,597,085	122,822
Property taxes receivable	2,360	23,905	25,384
Due from primary government	-	-	25,414
Due from other governments	14,764	-	-
Other current assets	-	193,909	-
Inventory	-	909,874	459,875
Investment in limited liability companies	-	433,797	-
Investment in real estate	-	447,857	-
Beneficial interest in assets held by others	-	-	-
Deferred financing costs, net of amortization	-	65,325	-
Capital assets, net of accumulated depreciation	8,079,154	22,448,742	201,107
Total assets	8,752,736	52,783,738	2,212,482
LIABILITIES			
Accounts payable and accrued liabilities	28,284	3,126,220	155,195
Deferred revenue	-	1,133,639	-
Due to third-party payors	-	-	-
Noncurrent liabilities			
Due within one year	-	1,201,278	-
Due in more than one year	-	8,879,736	-
Total current liabilities	28,284	14,340,873	155,195
NET ASSETS			
Invested in capital assets, net of related debt	8,064,694	13,345,517	201,107
Restricted	30,000	942,677	-
Permanently restricted by donors	-	-	-
Unrestricted	629,758	24,154,671	1,856,180
Total net assets	\$ 8,724,452	\$ 38,442,865	\$ 2,057,287

See accompanying notes to the financial statements

County Public Library	County Tourism Board	Total
\$ 517,248	\$ 4,207	\$ 18,776,328
260,209	-	6,730,241
-	-	972,677
64,331	-	4,784,238
19,644	-	71,293
17,471	-	42,885
-	196,198	210,962
-	-	193,909
-	-	1,369,749
-	-	433,797
-	-	447,857
78,650	-	78,650
-	-	65,325
457,505	-	31,186,508
<u>1,415,058</u>	<u>200,405</u>	<u>65,364,419</u>
3,805	8,748	3,322,252
-	-	1,133,639
-	-	-
-	-	1,201,278
21,523	-	8,901,259
<u>25,328</u>	<u>8,748</u>	<u>14,558,428</u>
457,505	-	22,068,823
-	-	972,677
192,315	-	192,315
739,910	191,657	27,572,176
<u>\$ 1,389,730</u>	<u>\$ 191,657</u>	<u>\$ 50,805,991</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2011

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport Board	\$ 645,905	\$ 61,365	\$ -	\$ -
County Hospital Board	33,322,160	34,834,258	719,537	-
Weed & Pest Control District	1,944,529	999,992	-	-
County Public Library Board	820,288	15,662	10,354	-
County Tourism Board	169,784	-	-	-
	\$ 36,902,666	\$ 35,911,277	\$ 729,891	\$ -
		General Revenues		
		Property taxes		
		Lodging taxes		
		Intergovernmental revenue		
		Miscellaneous		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net assets		
		Net assets, beginning of year		
		Prior period adjustment		
		Net asset, beginning of year, as restated		
		Net assets, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

County Airport Board	County Hospital Board	Weed and Pest Control District	County Public Library	County Tourism Board	Totals
\$ (584,540)	\$ -	\$ -	\$ -	\$ -	\$ (584,540)
-	2,231,635	-	-	-	2,231,635
-	-	(944,537)	-	-	(944,537)
-	-	-	(794,272)	-	(794,272)
-	-	-	-	(169,784)	(169,784)
(584,540)	2,231,635	(944,537)	(794,272)	(169,784)	(261,498)
119,391	1,400,549	1,500,743	744,776	-	3,765,459
-	-	-	-	177,548	177,548
64,764	-	-	182,095	-	246,859
7,721	53,031	77,664	32,973	-	171,389
6,532	324,206	7,523	15,020	1,302	354,583
198,408	1,777,786	1,585,930	974,864	178,850	4,715,838
(386,132)	4,009,421	641,393	180,592	9,066	4,454,340
9,110,584	34,433,444	1,415,894	1,131,286	182,591	46,273,799
-	-	-	77,852	-	77,852
9,110,584	34,433,444	1,415,894	1,209,138	182,591	46,351,651
<u>\$ 8,724,452</u>	<u>\$ 38,442,865</u>	<u>\$ 2,057,287</u>	<u>\$ 1,389,730</u>	<u>\$ 191,657</u>	<u>\$ 50,805,991</u>

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Nature of Operations and Significant Accounting Policies

Converse County, Wyoming 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 would be 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. The County has no blended component units. Each discretely presented component unit has a June 30 year end. For tax filing purposes, the Converse County Library Foundation has a December 31 year end; however, for financial reporting purposes the Foundation utilizes a June 30 year end.

Discretely Presented Component Units

- The *Tourism Board* serves the County by promoting tourism within the County. It's governed by a board of which some members are appointed by the County. The Tourism Board is fiscally dependent upon the County because the Tourism Board cannot issue bonded debt without approval by the County. Furthermore, the Tourism Board could not reasonably be included in the financial statements of another financial reporting entity. The board does not issue separate audited financial statements.
- 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 on behalf of the District. Separate audited financial statements of the District can be obtained from the District's administrative offices located in Douglas, Wyoming.
- The *County Library Board* maintains and manages the operations of the County Library and library system. The Library Board is fiscally dependent upon the County because the Board of Commissioners approves the Library's budget, levies taxes 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 County Library includes the financial data of its component unit, the Converse County Library Foundation. The Board does not issue separate audited financial statements.
- The *County Airport Board* provides and maintains aviation facilities for the County. The Airport Board is fiscally dependent upon the County because the Board of Commissioners approves the Airport's budget, levies taxes and must approve any debt issuances. Separate audited financial statements can be obtained from the Board's administrative offices located in Douglas, Wyoming.
- The *County Hospital Board* provides and maintains a hospital facility for Converse County. The Hospital is fiscally dependent upon the County because the Board of Commissioners approves the Hospital's budget and levies taxes. Separate audited financial statements of the Hospital can be obtained from the Hospital's administrative offices located in Douglas, Wyoming.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Jointly Governed Organization

The Converse County Fire Suppression Authority was formed by the Converse County Municipal and Joint Powers Board consisting of the County Commissioners, the City of Douglas, Wyoming, the Town of Glenrock, Wyoming, the Town of Rolling Hills, Wyoming, and the Town of Lost Springs, Wyoming. The Converse County Municipal and Joint Powers Board is a separate legal entity created in accordance with the provisions of the Wyoming Joint Powers Act. During the fiscal year ended June 30, 2011, the County allocated \$630,700 to the Converse County Fire Suppression Authority.

Government-wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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.

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

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

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 Roads Fund is a capital project 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.

The government reports the following major proprietary fund:

Internal Service Fund accounts for the County's medical insurance which is administered by a third party administrator.

Additionally, the government reports the following fund types:

The *agency funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary fund are reimbursements from other funds for medical cost. Operating expenses for the proprietary fund include medical cost and insurance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Likewise, general revenues include all taxes.

Cash and Cash Equivalents

The County considers all demand deposits and highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents. The County's cash activity is accounted in a pooled cash accounts.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Investments

Wyoming Statutes authorize the types of investments in which Counties may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury and repurchase agreements involving U.S. Government securities. The County's investments consist of certificates of deposit, U.S. Agencies' obligations, all of which are carried at fair value, and participation in the Wyoming Government Investment Fund (WGIF) and WYO-STAR governmental investment pools. WGIF and WYOSTAR are governmental investment pools which were established after July 1, 1996 according to the Wyoming Statutory Trust Act. Shares of the funds are offered exclusively to Wyoming governmental entities with separate accounts maintained for each entity. These pools invest in obligations of the U.S. Treasury and other investments as authorized by the Wyoming Statutes. The County's investment activity is conducted in a pooled investment accounts. The Library Foundation has investments in mutual funds.

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.

Any advances between funds, as may be reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Memorial Hospital of Converse County provides an allowance on uncollectible self-pay and miscellaneous commercial insurance accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. Self-pay accounts are analyzed for collectability based on the months past due and payment history. An allowance is estimated for these accounts based on the historical experience of the hospital. Accounts that are determined to be uncollectible are sent to the collection agency and written off at that time. At June 30, 2011, the allowance for uncollectible accounts was approximately \$1,029,845. Recoveries of accounts previously written off as uncollectible are netted against the current year's expense.

Memorial Hospital of Converse County serves patients in an area including, but not limited to Converse County, Wyoming. Although Memorial Hospital of Converse County's patient accounts receivable are diversified, and consist of numerous immaterial balances, the Hospital is dependent on the third party payors (insurance companies and government programs) as well as self-pay patients to satisfy those obligations. The ability of patients to pay their obligations is dependent largely upon the energy and agricultural sectors of the economy. The approximate mix of receivables from patients and third-party payors at June 30, 2011, was 15%, 13%, 7%, 31%, and 34% Medicare, Medicaid, other, insurance, and patients, respectively.

Notes Receivable

Notes receivable represent the County's Economic Development loans. These loans are based on written agreements between the County and various loan recipients. As of June 30, 2011, the loans are reported net of an allowance for uncollectible debt in the approximate amount of \$198,000.

CONVERSE COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Inventory

All inventories are valued at cost using first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed (purchases method), within the fund level financial statements. The consumption method is used for reporting these inventories at the government-wide level. Inventory of Memorial Hospital of Converse County consists of medical supplies stated at the lower of cost (first-in, first-out method) or market. Market value is determined by comparison with recent purchases.

Assets Limited as to Use

Since Memorial Hospital of Converse County operates as an Enterprise fund, certain bond covenants require the hospital to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt. Memorial Hospital of Converse County also has included in its assets limited as to use, amounts which have been transferred to the bond agent for deposit to the bond reserve fund which will pay future bond payments.

Resources restricted by donors for plant replacement and expansion and capital debt requirements are added to unrestricted net assets to the extent expended within the period. Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent used within the period.

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, culverts, and signs. The County's capitalization level for buildings, improvements, equipment, vehicles, furniture and fixtures is \$5,000. Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

	Years
Primary Government	
Buildings and building improvements	15 - 30
Equipment and vehicles	5 - 15
Infrastructure	20 - 30
Component Units	
Land improvements	20
Buildings	10 - 40
Furnishings and computer equipment	3 - 15
Hangars, runways, ramps and taxiways	15 - 30
Equipment and vehicles	5 - 10

Property and equipment donated for the Memorial Hospital of Converse County are valued at their estimated fair value at the date of the gift. Capital assets must possess the following characteristics: 1) be tangible in nature, 2) have a life longer than one year, and 3) value in excess of \$5,000.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. 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 bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County. Collection and remittance of these taxes for other taxing districts are accounted for in the respective agency funds of the County.

The County is permitted by Wyoming Statutes to levy taxes up to 12 mills 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, 2011, was 12 mills, which means that the County has levied to the maximum amount available.

Major Taxpayers

The County's ten largest taxpayers account for approximately 65% of the County's total assessed property valuation. Six of the ten taxpayers are involved in mineral extraction industries, two are power producers, and two are railroad companies. The County received approximately 33% of its total revenues from these taxpayers.

Motor Vehicle Fees

Motor Vehicle fees collected on a value of vehicle as they are registered and are distributed monthly in the same manner as property taxes. The County received 3% of its total revenues from motor vehicles fees.

Compensated Absences

All regular, full-time and half-time employees who work at least twenty hours accrue monthly paid vacation. Employees accumulate vacation leave hours monthly based on number of years of service with the County. Full-time employees are entitled to 12 vacation days for 0 to 5 years of service, 15 vacation days for 6 to 10 years of service, and 20 ¼ days for 11 and over years of service, and all half-time employees are entitled to half of the days attributed to the full-time employees. As of January 1 of each year, the maximum annual vacation leave accrual allowed will be 20 days. If the maximum is exceeded, the excess amount of annual vacation leave time will be forfeited by the employee without compensation. The days credited to an employee for annual vacation leave time shall be working days. This provision may be waived upon the submission of a written request by the employee's department head to the Commission. A liability for these amounts is reported in these amounts in the governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

Regular employees accrue one day per month of sick leave and half-time employees accrued one-half day per month; however, none of the accumulated sick leave will be paid upon termination of employment.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Compensated Absences (Continued)

Memorial Hospital of Converse County operates a two part consolidated leave program to compensate employees for a limited amount of earned but unused vacation, holiday, and sick leave. Paid Time Off (PTO) benefits accrue time that may be used for holiday, vacation, or personal purposes. Extended Illness Benefit (EIB) accrues time to be used for personal illness. Accrued PTO and EIB are recorded as expenditures in the period they are earned.

Deferred revenue

Memorial Hospital of Converse County's deferred revenue includes amounts received from grants that have not been earned.

Charity Care

The Memorial Hospital of Converse County accepts all patients, regardless of their ability to pay. Records are maintained for patients who meet certain criteria under the Memorial Hospital of Converse County's charity care policy in order to identify and monitor the level of charity care provided. Qualification for charity care is based on the patient's income level and outstanding liabilities for medical care. Since the Memorial Hospital of Converse County does not pursue collection of qualifying charity care amounts, these amount are excluded from patient service revenue.

Investment in Limited Liability Companies

Memorial Hospital of Converse County has 40% controlling interest and net profit interest in Big County Rehabilitation, LLC. Memorial Hospital of Converse County is a member of Powder River Imaging, LLC, which was formed as a joint venture for the purpose of providing imaging services to members of the community. Memorial Hospital of Converse County owns 22% of Powder River Imaging, LLC. These investments are accounted for using the equity method. Accordingly, the carrying value is equal to the capital contribution Memorial Hospital of Converse County has made adjusted for profits and losses, which are allocated to the members as provided in the operating agreements. Memorial Hospital of Converse County considers revenue generated from these LLC's to be operating revenue.

Investment in Real Estate

During the year, Memorial Hospital of Converse County purchased several homes in the Douglas area in order to provide temporary housing for incoming doctors. These investments are accounted for using the cost method; as Memorial Hospital of Converse County's intention is to use them for a short time, then sell them.

Direct Financing Costs

Costs related to the Memorial Hospital of Converse County's bond financing are capitalized and amortized over the term of the related debt using the straight-line method.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Memorial Hospital of Converse County has agreements with third-party payors that provide for payments to the Memorial Hospital of Converse County at amounts different from its established rates. A summary of the payment arrangements with Medicare is as follows:

- Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Memorial Hospital of Converse County is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Memorial Hospital of Converse County and audits thereof by the Medicare fiscal intermediary. Effective May 1, 2011, Memorial Hospital of Converse County received the designation as a Critical Access Hospital.
- Memorial Hospital of Converse County classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Memorial Hospital of Converse County. Memorial Hospital of Converse County's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.
- Inpatient services rendered to Medical program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Outpatient Medicaid services are reimbursed under the lower of usual or customary charge fee structure. There is generally no retroactive settlement at year end. For the fiscal year ended June 30, 2011, Memorial Hospital of Converse County's gross patient service revenue was \$40,950,041 which was adjusted for contractual discounts of \$6,597,088 and charity care of \$332,452 resulting in net patient service revenue of \$34,020,501.

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.

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, 2011.

CONVERSE COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for the Primary Government, Weed and Pest Control District, Converse County Fair and Converse County Public Library. Annual appropriated budgets are prepared on a basis of estimated cash receipts and cash disbursements and accounts payable. Unexpended and unencumbered budgeted amounts and budget appropriations lapse at the end of the fiscal year. Encumbrances are reappropriated in the ensuing year.

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing Boards of the Component Units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects the approved budget. The County Commissioners amended the budget for the fiscal year ended June 30, 2011 to increase expenditures in the following funds and departments:

General fund	
Clerk	\$ 3,022
Assessor	8,383
Conservation of natural resources	9,578
Information technology	13,646
Community aid	5,140
	<u>\$ 39,769</u>
Non major funds	
Other grants	\$ 189,967
HAHR	34,293
	<u>\$ 224,260</u>

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.

Primary Government

Deposits: As of June 30, 2011, the County's bank balances were collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Deposits and Investments (Continued)

Component Units

As June 30, 2011, the bank balances of all County's component units were collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County's component units.

Investments

As of June 30, 2011, the primary government of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	Rating
State Treasurer's					
Investment Pool (WYO-STAR)	\$ 402,880	0.49%	\$ 402,880	\$ -	Not rated
WGIF	348,993		348,993		Amm
Certificate of Deposit	6,004,157	3.68%	4,437,758	1,566,399	N/A
U.S. Government Securities	4,894,457	0.99% - 1.99%	-	4,894,457	N/A
Total	<u>\$ 11,650,487</u>		<u>\$ 5,189,631</u>	<u>\$ 6,460,856</u>	

These investments are reported under the following captions on the statement of net assets:

As of June 30, 2011, the component units of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	Rating
Certificates of Deposit	\$ 6,727,601	1.30% - 4.59%	\$ 4,514,758	\$ 2,212,843	N/A
Mutual funds	2,640	N/A	2,640	-	N/A
Total	<u>\$ 6,730,241</u>		<u>\$ 2,640</u>	<u>\$ -</u>	

The mutual funds are held by the Converse County Library Foundation, which is not subject to the state statutes restricting County investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's investments are held in external pooled investment accounts with a focus on liquidity. As a means of limiting its exposure to fair value losses arising from interest rates the County attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and securities held in the external investment pool are rated AAA/Aaa by Standard and Poor's and Moody's. Under investment agreements with WYOSTAR, the County has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such investments.

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. At June 30, 2011, the County had 52% of its investments in Certificates of Deposit and 42% in U.S. Government Securities. The component units had 100% of their investments in Certificates of Deposit. Investments in mutual funds are held by the Converse County Library Foundation, which is not subject to the state statutes restricting investments.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk. The County's investments in WYOSTAR are not subject to custodial credit risk since they are held by the Treasurer of the State of Wyoming. The only other significant exposure is for securities held by securities brokers or other banks. Management believes the stability and reputation of these securities brokers and banks serves to limit its custodial credit risk.

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2011 are as follows:

	Receivable	Payable
General Fund	\$ 98,736	\$ 3,910
Non major funds		
Homeland Security Grant	3,910	-
Other Grants	-	108,125
Best Beginnings	10,773	1,384
	\$ 113,419	\$ 113,419

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 3. Interfund Balances (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occurred, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Transfers In	Transfers Out
General Fund	\$ 1,958,400	\$ 2,205,256
County Road Fund	141,000	-
Non major funds		
Homeland Security Grant	85,856	-
Offender Monitoring	20,000	-
	\$ 2,205,256	\$ 2,205,256

Transfers were made to (1) be used to move revenues from the funds that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary restrictions.

Note 4. Beneficial Interest

Converse County Library Foundation transferred investments to the Wyoming Community Foundation specifying itself as the beneficiary. The Wyoming Community Foundation ("WCF") is a Wyoming not-for-profit organization. WCF established the Converse County Library Endowment fund to account for these permanently restricted contributions. WCF is required to make distributions of interest and dividend income to the Converse County Library Foundation and other contributions that might be made in the future for the benefit of the Converse County Library Foundation annually. The Converse County Library Foundation received distributions of \$1,508 during the year ended June 30, 2011. In accordance with the professional accounting standards, the Foundation recorded its beneficial interest in the WCF fund and recorded as permanently restricted those contributions received by the WCF for the benefit of the Foundation. Converse County Library Foundation's beneficial interest in assets held at WCF was \$78,650 as of June 30, 2011.

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2011, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,000,325	\$ -	\$ -	\$ 2,000,325
Construction in progress	313,853	703,354		1,017,207
Total capital assets not being depreciated	<u>2,314,178</u>	<u>703,354</u>	<u>-</u>	<u>3,017,532</u>
Capital assets being depreciated				
Infrastructure	34,341,725	1,189,856	-	35,531,581
Buildings and building improvements	4,389,662	637,870	-	5,027,532
Machinery, equipment, and office fixtures	9,042,141	1,866,769	186,024	10,722,886
Total capital assets being depreciated	<u>47,773,528</u>	<u>3,694,495</u>	<u>186,024</u>	<u>51,281,999</u>
Less accumulated depreciation for				
Infrastructure	21,770,332	902,213	-	22,672,545
Buildings and building improvements	3,391,801	63,949	-	3,455,750
Machinery, equipment, and office fixtures	5,157,237	886,074	117,451	5,925,860
Total accumulated depreciation	<u>30,319,370</u>	<u>1,852,236</u>	<u>117,451</u>	<u>32,054,155</u>
Total capital assets, being depreciated, net	<u>17,454,158</u>	<u>1,842,259</u>	<u>68,573</u>	<u>19,227,844</u>
Governmental activities, capital assets, net	<u>\$ 19,768,336</u>	<u>\$ 2,545,613</u>	<u>\$ 68,573</u>	<u>\$ 22,245,376</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (Continued)

Primary Government (Continued)

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

Governmental activities	
General government	\$ 146,196
Public safety	423,620
Public works	1,259,745
Health and welfare	22,675
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 1,852,236</u>

Component Units

Capital asset activity for each component unit for the year ended June 30, 2011, was as follows:

Capital asset activity for the Converse County Airport for the year ended June 30, 2011:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, not being depreciated				
Land	\$ 2,741,061	\$ -	\$ -	\$ 2,741,061
Construction in progress		67,092		67,092
Total capital assets not being depreciated	<hr/> 2,741,061	<hr/> 67,092	<hr/> -	<hr/> 2,808,153
Capital assets being depreciated				
Improvements other than buildings	11,448,842	-	-	11,448,842
Buildings, building improvements and runways	516,386	-	-	516,386
Equipment and vehicles	172,108	1,864	-	173,972
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	12,137,336	1,864	-	12,139,200
Less accumulated depreciation for:				
Buildings, building improvements and runways		-	-	-
Furnishings and computer equipment	6,359,720	508,479	-	6,868,199
Total accumulated depreciation	<hr/> 6,359,720	<hr/> 508,479	<hr/> -	<hr/> 6,868,199
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated, net	5,777,616	(506,615)	-	5,271,001
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, net	<u>\$ 8,518,677</u>	<u>\$ (439,523)</u>	<u>\$ -</u>	<u>\$ 8,079,154</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Weed and Pest Control District for the year, ended June 30, 2011, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 12,000	\$ -	\$ -	\$ 12,000
Total capital assets not being depreciated	12,000	-	-	12,000
Capital assets being depreciated				
Buildings and improvements	181,257	-	-	181,257
Machinery, equipment and office fixtures	228,241	43,088	27,048	244,281
Total capital assets, being depreciated, net	409,498	43,088	27,048	425,538
Less accumulated depreciation for	243,106	20,362	27,037	236,431
Total accumulated depreciation	243,106	20,362	27,037	236,431
Total capital assets, being depreciated, net	166,392	22,726	11	189,107
Capital assets, net	<u>\$ 178,392</u>	<u>\$ 22,726</u>	<u>\$ 11</u>	<u>\$ 201,107</u>

Capital asset activity for the Converse County Public Library for the year ended June 30, 2011, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 100,600	\$ -	\$ -	\$ 100,600
Total capital assets not being depreciated	100,600	-	-	100,600
Capital assets being depreciated				
Buildings and building improvements	621,794	-	-	621,794
Machinery, equipment and office fixtures	157,879	8,488	3,918	162,449
Total capital assets being depreciated	779,673	8,488	3,918	784,243
Less accumulated depreciation for	404,070	26,141	2,873	427,338
Total accumulated depreciation	404,070	26,141	2,873	427,338
Total capital assets being depreciated, net	375,603	(17,653)	1,045	356,905
Capital assets, net	<u>\$ 476,203</u>	<u>\$ (17,653)</u>	<u>\$ 1,045</u>	<u>\$ 457,505</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Hospital for the year ended June 30, 2011, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 812,773	\$ -	\$ -	\$ 812,773
Construction in progress	3,873,566	847,954	3,409,423	1,312,097
Total capital assets not being depreciated	<u>4,686,339</u>	<u>847,954</u>	<u>3,409,423</u>	<u>2,124,870</u>
Capital assets being depreciated				
Land improvements	12,438	-	-	12,438
Building	19,607,026	2,614,716	-	22,221,742
Equipment	14,239,239	1,984,353	-	16,223,592
Total capital assets being depreciated, net	<u>33,858,703</u>	<u>4,599,069</u>	<u>-</u>	<u>38,457,772</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>15,771,313</u>	<u>2,362,587</u>	<u>-</u>	<u>18,133,900</u>
Total capital assets, being depreciated, net	<u>18,087,390</u>	<u>2,236,482</u>	<u>-</u>	<u>20,323,872</u>
Capital assets, net	<u>\$ 22,773,729</u>	<u>\$ 3,084,436</u>	<u>\$ 3,409,423</u>	<u>\$ 22,448,742</u>

Note 6. County Debt

The Wyoming Constitution (Article 16§3) limits the amount of indebtedness for any County to not more than two percent of the last general assessment. This limit was \$13,868,547 at June 30, 2011. The County had no outstanding debt subject to this limitation.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. County Debt (Continued)

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2011:

	Balance June 30, 2010	New Debt Incurred	Debt Retired	Balance June 30, 2011	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 107,981	\$ -	\$ 34,409	\$ 73,572	\$ 16,401
Retainage	-	47,996	-	47,996	47,996
Incurring but not reported claims payable	214,000	95,000	214,000	95,000	95,000
Compensated absences	149,570	14,202	-	163,772	20,537
	<u>\$ 471,551</u>	<u>\$ 157,198</u>	<u>\$ 248,409</u>	<u>\$ 380,340</u>	<u>\$ 179,934</u>
Component Units					
Revenue bonds	\$ 8,145,000	\$ -	\$ 315,000	\$ 7,830,000	\$ 410,000
Less deferred amounts on refunding	(890,034)	-	(62,979)	(827,055)	-
Less bond discount	(30,494)	-	-	(30,494)	-
Net bonds payable	<u>7,224,472</u>	<u>-</u>	<u>252,021</u>	<u>6,972,451</u>	<u>410,000</u>
Short-term notes	11,134	1,279	-	12,413	12,413
Capital leases	3,134,533	-	938,388	2,196,145	646,816
Compensated absences	922,457	164,669	165,598	921,528	132,049
	<u>\$ 11,292,596</u>	<u>\$ 165,948</u>	<u>\$ 1,356,007</u>	<u>\$ 10,102,537</u>	<u>\$ 1,201,278</u>

Property tax repayment, retainage, compensated absences, and incurred but not reported claims are liabilities of the primary government are generally liquidated by the general fund.

Property tax repayment

A Notice of Valuation Change (NOVC) is issued by the Department of Revenue in response to amended returns by a taxpayer or an audit conducted by the Wyoming Department of Audit. When an NOVC is received by Converse County, the County is obligated to refund taxes to the taxpayer. The County Commissioners can elect to repay the taxpayer in equal installments over the subsequent five years.

When each refund is paid, an amount is withheld from all taxing entities representing their portion of the refund, based on the portion they received when the tax was originally paid. Generally, the County's portion is 12% of the total tax payment.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. County Debt (Continued)

Property tax repayment (Continued)

As of June 30, 2011, the County was required to pay back \$613,105 in property taxes over the next six years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 12% of that total, or \$73,573.

<u>Year ending June 30,</u>	
2012	\$ 16,401
2013	27,697
2014	11,709
2015	10,652
2016	4,946
2017	2,168
	<hr/>
	\$ 73,573

Component Unit

Long-Term Debt Memorial Hospital of Converse County

On November 1, 2000 Memorial Hospital of Converse County issued \$6,810,000 in Revenue Bonds, Series 2000 with an average interest of 7.35%. The purpose of the bond issuance was to construct an addition to the hospital facility. On October 27, 2008, bonds with a par value of \$4,900,000 were refunded with proceeds from the Memorial Hospital of Converse County's Series Revenue Bonds. The remaining bonds were due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$130,000 to \$145,000 through June 30, 2011. The interest rate on the remaining bonds was 6.50%. The revenue bonds were collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

On October 27, 2005, Memorial Hospital of Converse County issued \$6,135,000 in revenue bonds to advance refund \$4,990,000 in outstanding bonds. The bond proceeds were used to partially refund Memorial Hospital of Converse County's outstanding Revenue Bonds, Series 2000. The remaining bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$80,000 to \$495,000 through June 30, 2026. Interest rates range from 5.10% to 5.50%. The revenue bonds are collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

On June 5, 2008, Memorial Hospital of Converse County issued \$2,320,000 in Subordinate Lien Hospital Revenue Bond, Series 2008. The bond was purchased by USDA Rural Development. The bond proceeds are to be used for remodeling and improvements of the current facility. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$70,000 to \$175,000 through June 30, 2028. The interest on the bonds is 4.75%. The revenue bonds are collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. County Debt (Continued)

Component Unit

Long-Term Debt Memorial Hospital of Converse County (Continued)

The debt service requirements on Memorial Hospital of Converse County long-term debt as of June 30, 2011, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 410,000	\$ 399,450	\$ 809,450
2013	425,000	378,455	803,455
2014	450,000	356,568	806,568
2015	475,000	333,422	808,422
2016	495,000	309,148	804,148
2017 - 2021	2,295,000	1,135,975	3,430,975
2022 - 2026	2,940,000	505,150	3,445,150
2027 - 2028	340,000	24,462	364,462
	<u>\$ 7,830,000</u>	<u>\$ 3,442,630</u>	<u>\$ 11,272,630</u>

Advance Refunding – In 2005, Memorial Hospital of Converse County refunded \$4,990,000 of Memorial Hospital of Converse County Revenue Bonds, Series 2000. The refunded bonds, which are outstanding as of June 30, 2010, are not included in the Memorial Hospital of Converse County’s outstanding debt since the Memorial Hospital of Converse County has in-substance satisfied its obligation through advance funding. Although the advanced refunding resulted in recognition of an accounting loss of \$1.1 million, Memorial Hospital of Converse County will recognize a net present value savings of \$400,055. The loss is being amortized over the period of the original bond issue using the effective interest method.

Periodically, Memorial Hospital of Converse County transfers patient receivables to a financial institution on a short-term note.

Memorial Hospital of Converse County leases certain equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The average interest rate on the leases is 4.56%. The cost of equipment under capital leases included in the Memorial Hospital of Converse County’s capital assets is \$4,844,224 with \$2,763,369 in accumulated depreciation.

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

<u>Year ending June 30,</u>	
2012	\$ 731,579
2013	731,579
2014	731,579
2015	167,703
Total minimum lease payments	<u>2,362,440</u>
Less: amount representing interest	<u>166,295</u>
Present value of minimum lease payments	<u>\$ 2,196,145</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Operating Leases

Memorial Hospital of Converse County has various monthly leases where they are not required to make minimum future rental payments. Total rental expense for the fiscal year ended June 30, 2011, was \$664,070.

Note 8. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

The County Sheriff's office and the Converse County Weed and Pest Control District'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, 5th Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System statutorily requires 17.2% of the covered law enforcement employee's salary to be contributed to the System all of which is paid by the County. The County's contributions to the System for the County's Sheriff's office for the years ended June 30, 2011, 2010 and 2009 were approximately \$271,000, \$138,500, and \$146,000, respectively, equal to the required contributions for each year

In May 2011, the County Commissioners approved payment of the entire contribution required the System for all County employees.

For non-law enforcement employees, the System statutorily requires 14.25% of the covered employee's salary to be contributed to the System. The Weed and Pest Control District paid 100% of the required contribution which was approximately \$16,800, \$16,000, and \$14,500 respectively

Retirement Plan

Memorial Hospital of Converse County established a profit sharing plan for its employees with an effective date of January 1, 2009. The Memorial Hospital of Converse County (Plan) is administered by the Board of Trustees who has executed a trust agreement with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. The Plan is available to eligible employees who have completed one year of service and attain age 21. A year of service is any plan year in which an employee completes 1,872 hours of service. Contributions to the Plan on behalf of the participants are an amount determined by management of Memorial Hospital of Converse County from time to time. Participant will vest in contributions made by Memorial Hospital of Converse County according to a vesting schedule. Participants will vest fully and will have a non-forfeitable interest in the balance of the participant's account in all contributions that are not uniform as a percentage of compensation for the different classes of employees specified in the Plan. All years of service beginning January 1, 2009 shall count toward years of vesting. In addition each participant shall receive one year of service for each two years of service completed before January 1, 2009, up to a maximum of 6 years of service credited toward vesting. Also, a participant shall be 100% vested upon death, disability or upon a reduction in force as determined by Memorial Hospital of Converse County. The Plan does not issue a separate stand alone financial report. Memorial Hospital of Converse County accrued \$281,344 to be contributed to the Plan no later than 15th day of the calendar month following the end of Memorial Hospital of Converse County's fiscal year. The accrual has been included in the accrued expenses on the statement of net assets.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 9. 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 Plan*, 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, permit employees to defer a portion of their salary until future years. 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.

Memorial Hospital of Converse County offers its employees a deferred compensation plan that is structured in accordance with the provisions of Internal Revenue Code Section 457. The employee contribution cannot exceed \$16,000 per participant, \$22,000 for age 50 or older.

Note 10. County Fund Balance

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commission, the highest level of authority, through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the County board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are 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.

The County's general fund assigned fund balance consists of the following amounts:

Rural fire reserve	\$	8,000
Building/maintenance reserve		2,151,222
Equipment reserve		1,027,373
Salary reserve		828,230
Loans reserve		83,812
	\$	<u>4,098,637</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 11. Commitments and Contingencies

In the normal course of business, various lawsuits or claims are brought against the County. It is not possible to determine the ultimate disposition of these matters at this time; however, the County Attorney and the County Commissioners are of the opinion that these matters would not have a material adverse effect on the results of operations, financial condition, or cash flows of the County.

From time to time, Memorial Hospital of Converse County has been a defendant in lawsuits wherein the plaintiffs claim malpractice. Memorial Hospital of Converse County's management, with the advice from counsel, believes all claims are covered by its existing malpractice coverage policy which has a \$25,000 deductible. Memorial Hospital of Converse County feels that all pending cases will be settled within the amount of the Memorial Hospital of Converse County's insurance coverage. Legal counsel of Memorial Hospital of Converse County predicts that any liability to Memorial Hospital of Converse County not covered by the insurance is extremely unlikely and no liability has been established, as the potential loss is uncertain.

Note 12. 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 the Local Government Liability Pool (LGLP) which is a public entity risk pool. LGLP provides liability coverage for claims subject to the Wyoming Governmental Claims Act (W.S. 1-39-101) up to \$250,000 per claimant but not more than \$500,000 per occurrence and \$1,500,000 per occurrence for federal and out-of-state claims. The coverage limit is \$1,000,000 per occurrence for all members combined of the WARM risk pool including various additional sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to LGLP by the County totaled approximately \$48,000.

The County's component units the Converse County Weed and Pest Control District and the County Airport Board also participate in LGLP.

In addition, the County purchases commercial insurance to cover its automobile liability. Premiums paid for the automobile liability by the County totaled approximately \$50,500.

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. Amount paid by the County to the State for Workers' Compensation during fiscal year 2011 was approximately \$47,100.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 12. Risk Management Programs (Continued)

Wyoming Statute § 27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2011 and 2010 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2011	2010
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	12,829	-
Claims paid	(12,829)	-
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

The County also provides its employees health care benefits for primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$40,000 per year. The aggregate stop-loss limit is \$960,000. Premiums paid for stop-loss insurance were approximately \$252,000. 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, 2011 and 2010 are as follows:

	2011	2010
Health care risk management liability, beginning of year	\$ 214,000	\$ 160,000
Claims incurred	702,088	1,319,949
Claims paid	(821,088)	(1,265,949)
Health care risk management liability, end of year	<u>\$ 95,000</u>	<u>\$ 214,000</u>

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage.

There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2011.

Memorial Hospital of Converse County is insured by a claim made policy for the purpose of providing professional and patient care liability insurance. Claims may be asserted against Memorial Hospital of Converse County arising from services provided to patients. Memorial Hospital of Converse County is unable to determine the ultimate cost of the resolution of such potential claims and accordingly has not accrued any amounts which would occur should the insurance policy not cover the claim, or should a claim exceed the policy limits. The insurance company will notify Memorial Hospital of Converse County in the event that this would happen and at this time, no such notification has been made. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Memorial Hospital of Converse County is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. In addition, Memorial Hospital of Converse County is a County hospital and accordingly, Wyoming Statutes place a cap on the award of damages in lawsuits filed against Wyoming municipal entities.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 13. Related Party Transactions

Memorial Hospital of Converse County is a 40% owner in Big Country Rehabilitation LLC. Big Country Rehabilitation leases space from Memorial Hospital of Converse County for approximately \$43,000 per year. The lease runs from March 1, 2011 through March 1, 2016 and is renewed automatically for one year increments until it is cancelled.

During the year ended June 30, 2011, Memorial Hospital of Converse County paid Big Country Rehabilitation LLC approximately \$288,000 for professional services rendered.

Memorial Hospital of Converse County is a 22% owner in Powder River Imaging, LLC. Powder River Imaging LLC leases space from Memorial Hospital of Converse County on a monthly basis for approximately \$1,200, and for the year ended June 30, 2011 paid Memorial Hospital of Converse County \$14,000.

During the year ended June 30, 2011, Memorial Hospital of Converse County paid Powder River Imaging, LLC approximately \$417,000 for professional services rendered. Powder River paid Memorial Hospital of Converse County approximately \$187,000 in management fees.

Note 14. Prior Period Adjustment and Restatement

For the fiscal year ended June 30, 2011, the County reported its County Road funds separately from the General fund as it was previously presented. The adjustment to the fund balance is shown on the Statement of Revenue and Expenditures – Governmental Funds and it had no net effect.

During the fiscal year ended June 30, 2011, the County became aware that its debt related to the property tax valuation change has not been reflected in the County's Statement of Net Assets. The County recorded a prior period adjustment to correct the beginning net assets. The adjustment decreased the County's net assets by \$107,981. The description of the property tax valuation debt is described in Note 6, County Debt.

During the fiscal year ended June 30, 2011, Converse County Library Foundation became aware that its beneficial interest in assets held by the Wyoming Community Foundation was not included in the Statement of Net Assets. Converse County Library Foundation recorded a prior period adjustment to correct the beginning net assets. This adjustment increased the Converse County Library Foundation's net assets by \$77,852.

Note 15. Deficit Fund Balances

The County's Homeland Security Grants and Other Grant funds had deficit fund balances at June 30, 2011. As of June 30, 2011, the County did not transfer grant matching funds to these funds to resolve the negative balances.

Note 16. Subsequent Events

Subsequent to June 30, 2011, the County Commissioners accepted the bid for the Ross Road rehabilitation project in the amount of \$2,871,088 and an additional change order in the amount of \$63,083. The Ross Road rehabilitation project was substantially complete in December 2011. In addition, the County Commissioners approved the bid for the construction of the Glenrock Road and Bridge Shop in the amount of \$285,000.

REQUIRED SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2011

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Tax - property	\$ 6,268,060	\$ 6,268,060	\$ 6,653,675	\$ 385,615
Tax - other	3,902,756	3,902,756	5,691,771	1,789,015
Intergovernmental	417,500	417,500	424,711	7,211
Charges for services	255,550	255,550	442,156	186,606
Investment income	80,000	80,000	88,032	8,032
Miscellaneous	12,500	12,500	49,518	37,018
Total revenues	10,936,366	10,936,366	13,349,863	2,413,497
Expenditures				
Current				
County Commissioners	205,865	205,865	201,134	4,731
County Clerk	436,404	439,426	439,426	-
County Treasurer	333,148	333,148	328,909	4,239
County Assessor	334,236	342,619	342,619	-
County Sheriff	1,665,211	1,665,211	1,640,785	24,426
County Attorney	815,493	815,493	770,607	44,886
Courthouse	416,464	416,464	338,027	78,437
Surveyor	25,040	25,040	6,303	18,737
Coroner	53,030	53,030	51,950	1,080
Conservation of natural resources	112,738	122,316	122,316	-
Clerk of District Court	365,587	365,587	352,675	12,912
IT	-	13,646	13,646	-
County jail	1,588,811	1,588,811	1,374,875	213,936
Road and bridge	2,076,733	2,076,733	1,988,972	87,761
Elections	148,027	148,027	136,997	11,030
Emergency mangement	149,662	149,662	142,130	7,532
GIS	144,315	144,315	24,730	119,585
Special projects	98,636	98,636	46,627	52,009
Total County departments	8,969,400	9,004,029	8,322,728	681,301
General accounts	452,302	452,302	362,245	90,057
Depreciation reserve	360,000	360,000	291,432	68,568
Community aid	490,100	495,241	495,241	-
Cash reserve	3,250,000	3,250,000	-	3,250,000
Fire suppression	630,700	630,700	630,700	-
Total expenditures	14,152,502	14,192,272	10,102,346	4,089,926

(Continued)

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ (3,216,136)	\$ (3,255,906)	\$ 3,247,517	\$ (6,503,423)
Other financing uses				
Transfers out	(2,119,400)	(2,119,400)	(2,119,400)	-
Total other financing uses				
Transfers out	(2,119,400)	(2,119,400)	(2,119,400)	-
Net change in fund balance	(5,335,536)	(5,375,306)	1,128,117	<u>\$ 6,503,423</u>
Fund balance, beginning of year	14,678,939	14,678,939	14,678,939	
Fund balance, end of year	<u>\$ 9,343,403</u>	<u>\$ 9,303,633</u>	<u>\$ 15,807,056</u>	

CONVERSE COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Note 1. Basis of Budgeting

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 budgetary presentation differences relate to the variance in classification of certain revenues and expenses. The adjustments necessary to convert GAAP basis revenues and expenditures of the general fund are as follows:

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 11,568,661	\$ -	\$ (11,568,661)	\$ -
Tax - property	-	16,371	6,637,304	6,653,675
Tax - other	-	328,470	5,363,301	5,691,771
Licenses and permits	513,332	50,101	(563,433)	-
Intergovernmental	2,130,361	167,032	(1,872,682)	424,711
Charges for services	6,689	-	435,467	442,156
Investment income	187,132	808	(99,908)	88,032
Miscellaneous revenues	1,367,486	149,078	(1,467,046)	49,518
	<u>\$ 15,773,661</u>	<u>\$ 711,860</u>	<u>\$ (3,135,658)</u>	<u>\$ 13,349,863</u>
Expenditures				
General government	\$ 4,982,017	\$ (101,252)	\$ (4,880,765)	\$ -
Public safety	3,200,773	42,983	(3,243,756)	-
Public works	2,048,029	59,057	(2,107,086)	-
Health, welfare and recreation	-	-	-	-
Conservation of natural resources	126,269	3,952	(130,221)	-
Capital outlay	2,143,364	78,760	(2,222,124)	-
County Commissioners	-	-	201,134	201,134
County Clerk	-	-	439,426	439,426
County Treasurer	-	-	328,909	328,909
County Assessor	-	-	342,619	342,619
County Sheriff	-	-	1,640,785	1,640,785
County Attorney	-	-	770,607	770,607
Courthouse	-	-	338,027	338,027
Surveyor	-	-	6,303	6,303
Coroner	-	-	51,950	51,950
Conservation of natural resources	-	-	122,316	122,316
Clerk of District Court	-	-	352,675	352,675
IT	-	-	13,646	13,646
County jail	-	-	1,374,875	1,374,875
Road and bridge	-	-	1,988,972	1,988,972
Elections	-	-	136,997	136,997
Emergency mangement	-	-	142,130	142,130
GIS	-	-	24,730	24,730
Special projects	-	-	46,627	46,627
General accounts	-	-	362,245	362,245
Depreciation reserve	-	-	291,432	291,432
Community aid	-	-	495,241	495,241
Fire suppression	-	-	630,700	630,700
	<u>\$ 12,500,452</u>	<u>\$ 83,500</u>	<u>\$ (2,481,606)</u>	<u>\$ 10,102,346</u>

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OTHER SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

COMBINING BALANCE SHEET
COUNTY ROADS FUNDS

June 30, 2011

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 866,110	\$ 146,920	\$ 508,948	\$ 1,521,978
Investments	1,023,143	-	513,775	1,536,918
Taxes receivable	-	-	-	-
Due from other governments	6,124	27,283	-	33,407
	<u>1,895,377</u>	<u>174,203</u>	<u>1,022,723</u>	<u>3,092,303</u>
Total assets	\$ 1,895,377	\$ 174,203	\$ 1,022,723	\$ 3,092,303
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 15,438	\$ -	\$ 15,438
	<u>-</u>	<u>15,438</u>	<u>-</u>	<u>15,438</u>
Total liabilities	-	15,438	-	15,438
Fund Balances				
Restricted				
County road construction	1,895,377	-	-	1,895,377
Committed				
Road construction	-	158,765	1,022,723	1,181,488
	<u>-</u>	<u>158,765</u>	<u>1,022,723</u>	<u>1,181,488</u>
Total fund balances	1,895,377	158,765	1,022,723	3,076,865
	<u>1,895,377</u>	<u>158,765</u>	<u>1,022,723</u>	<u>3,076,865</u>
Total liabilities and fund balances	\$ 1,895,377	\$ 174,203	\$ 1,022,723	\$ 3,092,303
	<u>\$ 1,895,377</u>	<u>\$ 174,203</u>	<u>\$ 1,022,723</u>	<u>\$ 3,092,303</u>

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2011

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
Revenues				
Intergovernmental revenues	\$ 324,471	\$ 223,497	\$ -	\$ 547,968
Investment income	32,372	3,141	14,911	50,424
Miscellaneous revenues	-	-	-	-
Total revenues	<u>356,843</u>	<u>226,638</u>	<u>14,911</u>	<u>598,392</u>
Expenditures				
Capital outlay	-	1,286,588	49,490	1,336,078
Total expenditures	<u>-</u>	<u>1,286,588</u>	<u>49,490</u>	<u>1,336,078</u>
Excess (deficiency) of revenues over expenditures	<u>356,843</u>	<u>(1,059,950)</u>	<u>(34,579)</u>	<u>(737,686)</u>
Other financing sources				
Transfers in	-	141,000	-	141,000
Total other financing sources	<u>-</u>	<u>141,000</u>	<u>-</u>	<u>141,000</u>
Net changes in fund balances	<u>356,843</u>	<u>(918,950)</u>	<u>(34,579)</u>	<u>(596,686)</u>
Fund balances, beginning of year, before restatement	-	-	-	-
Restatement	<u>1,538,534</u>	<u>1,077,715</u>	<u>1,057,302</u>	<u>3,673,551</u>
Fund balances, beginning of year	<u>1,538,534</u>	<u>1,077,715</u>	<u>1,057,302</u>	<u>3,673,551</u>
Fund balances, end of year	<u>\$ 1,895,377</u>	<u>\$ 158,765</u>	<u>\$ 1,022,723</u>	<u>\$ 3,076,865</u>

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COUNTY ROADS FUND
Year Ended June 30, 2011

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 318,347	\$ 18,347
Investment income	9,000	9,000	18,081	9,081
	<u>309,000</u>	<u>309,000</u>	<u>336,428</u>	<u>27,428</u>
Expenditures				
Capital outlay	1,854,147	1,854,147	-	1,854,147
Total expenditures	<u>1,854,147</u>	<u>1,854,147</u>	<u>-</u>	<u>1,854,147</u>
Excess (deficiency) of revenues over expenditures	(1,545,147)	(1,545,147)	336,428	<u>\$ 1,881,575</u>
Fund balance, beginning of year	<u>1,539,671</u>	<u>1,539,671</u>	<u>1,539,671</u>	
Fund balance, end of year	<u>\$ (5,476)</u>	<u>\$ (5,476)</u>	<u>\$ 1,876,099</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COUNTY ROADS OTHER FUND
Year Ended June 30, 2011

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Intergovernmental	\$ 275,340	\$ 275,340	\$ 196,213	\$ (79,127)
Investment income	1,000	1,000	3,141	2,141
	<u>276,340</u>	<u>276,340</u>	<u>199,354</u>	<u>(76,986)</u>
Expenditures				
Capital outlay	2,701,160	2,701,160	1,292,973	1,408,187
Total expenditures	<u>2,701,160</u>	<u>2,701,160</u>	<u>1,292,973</u>	<u>1,408,187</u>
Excess (deficiency) of revenues over expenditures	(2,424,820)	(2,424,820)	(1,093,619)	<u>1,331,201</u>
Other financing sources				
Transfers in	1,320,000	1,320,000	141,000	(1,179,000)
Total other financing uses	<u>1,320,000</u>	<u>1,320,000</u>	<u>141,000</u>	<u>(1,179,000)</u>
Net change in fund balance	(1,104,820)	(1,104,820)	(952,619)	<u>\$ 2,510,201</u>
Fund balance, beginning of year	<u>1,099,539</u>	<u>1,099,539</u>	<u>1,099,539</u>	
Fund balance, end of year	<u>\$ (5,281)</u>	<u>\$ (5,281)</u>	<u>\$ 146,920</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COUNTY ROAD 37 FUND
Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 7,169	\$ 7,169
	<u>-</u>	<u>-</u>	<u>7,169</u>	<u>7,169</u>
Expenditures				
Capital outlay	1,043,516	1,043,516	34,568	1,008,948
Total expenditures	<u>1,043,516</u>	<u>1,043,516</u>	<u>34,568</u>	<u>1,008,948</u>
Excess (deficiency) of revenues over expenditures	(1,043,516)	(1,043,516)	(27,399)	<u>\$ 1,016,117</u>
Fund balance, beginning of year	<u>1,043,516</u>	<u>1,043,516</u>	<u>1,043,516</u>	
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,117</u>	

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
June 30, 2011

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	Homeland Security Grants
ASSETS					
Cash and cash equivalents	\$ 8,565	\$ 21,632	\$ 66,162	\$ 283,418	\$ -
Investments	-	-	-	-	-
Taxes receivable	11,692	6,730	11,724	-	-
Accounts receivable	-	-	-	8,218	-
Due from other governments	-	-	1,945	-	25,132
Due from other funds	-	-	-	-	3,910
Restricted investments	-	-	-	-	-
Note receivable	-	-	-	-	-
Total assets	<u>\$ 20,257</u>	<u>\$ 28,362</u>	<u>\$ 79,831</u>	<u>\$ 291,636</u>	<u>\$ 29,042</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 12,662	\$ 19,162	\$ 4,265	\$ 38,156
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	11,664	6,416	11,226	-	-
Refundable advances	-	-	-	-	-
Total liabilities	<u>11,664</u>	<u>19,078</u>	<u>30,388</u>	<u>4,265</u>	<u>38,156</u>
Fund Balances					
Restricted					
Rural fire protection	8,593	-	-	-	-
Parks and recreation	-	9,284	-	-	-
Health department	-	-	49,443	-	-
Enhanced 911	-	-	-	287,371	-
Grants	-	-	-	-	(9,114)
Committed					
HAHR	-	-	-	-	-
Impact assistance	-	-	-	-	-
Assigned					
Inmate welfare	-	-	-	-	-
Offender monitoring	-	-	-	-	-
Total fund balances	<u>8,593</u>	<u>9,284</u>	<u>49,443</u>	<u>287,371</u>	<u>(9,114)</u>
Total liabilities and fund balances	<u>\$ 20,257</u>	<u>\$ 28,362</u>	<u>\$ 79,831</u>	<u>\$ 291,636</u>	<u>\$ 29,042</u>

Immunization Grant	Other Grants	Inmate Welfare	Offender Monitoring	HAHR	Best Beginning	Impact Assistance	Total Special Revenue Funds
\$ 11,024	\$ -	\$ 46,094	\$ 15,625	\$ 25,530	\$ -	\$ 625,285	\$ 1,103,335
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	30,146
-	-	-	-	-	-	-	8,218
-	62,980	-	-	-	-	-	90,057
-	-	-	-	-	10,773	-	14,683
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,024</u>	<u>\$ 62,980</u>	<u>\$ 46,094</u>	<u>\$ 15,625</u>	<u>\$ 25,530</u>	<u>\$ 10,773</u>	<u>\$ 625,285</u>	<u>\$ 1,246,439</u>
\$ -	\$ 22,205	\$ 314	\$ 850	\$ 80	\$ -	\$ -	\$ 97,694
-	-	-	-	-	-	-	-
-	108,125	-	-	-	1,384	-	109,509
-	-	-	-	-	-	-	29,306
-	-	-	-	23,636	-	-	23,636
<u>-</u>	<u>130,330</u>	<u>314</u>	<u>850</u>	<u>23,716</u>	<u>1,384</u>	<u>-</u>	<u>260,145</u>
-	-	-	-	-	-	-	8,593
-	-	-	-	-	-	-	9,284
-	-	-	-	-	-	-	49,443
-	-	-	-	-	-	-	287,371
11,024	(67,350)	-	-	-	9,389	-	(56,051)
-	-	-	-	1,814	-	-	1,814
-	-	-	-	-	-	625,285	625,285
-	-	45,780	-	-	-	-	45,780
-	-	-	14,775	-	-	-	14,775
<u>11,024</u>	<u>(67,350)</u>	<u>45,780</u>	<u>14,775</u>	<u>1,814</u>	<u>9,389</u>	<u>625,285</u>	<u>986,294</u>
<u>\$ 11,024</u>	<u>\$ 62,980</u>	<u>\$ 46,094</u>	<u>\$ 15,625</u>	<u>\$ 25,530</u>	<u>\$ 10,773</u>	<u>\$ 625,285</u>	<u>\$ 1,246,439</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL SPECIAL REVENUE FUNDS
Year Ended June 30, 2011

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	Homeland Security Grants
Revenues					
Taxes	\$ (2,669)	\$ 106,615	\$ 178,882	\$ 159,652	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	14,735	-	182,326
Charges for services	-	-	56,331	-	-
Investment income	1,544	1,238	1,610	1,828	-
Miscellaneous revenues	-	3,486	(10)	-	-
Total revenues	<u>(1,125)</u>	<u>111,339</u>	<u>251,548</u>	<u>161,480</u>	<u>182,326</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	65,718	195,538
Health, welfare and recreation	-	-	239,082	-	-
Conservation of natural resources	-	136,807	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>136,807</u>	<u>239,082</u>	<u>65,718</u>	<u>195,538</u>
Excess (deficiency) of revenues over expenditures	<u>(1,125)</u>	<u>(25,468)</u>	<u>12,466</u>	<u>95,762</u>	<u>(13,212)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	85,856
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,856</u>
Net changes in fund balances	<u>(1,125)</u>	<u>(25,468)</u>	<u>12,466</u>	<u>95,762</u>	<u>72,644</u>
Fund balances, beginning of year	<u>9,718</u>	<u>34,752</u>	<u>36,977</u>	<u>191,609</u>	<u>(81,758)</u>
Fund balances, end of year	<u>\$ 8,593</u>	<u>\$ 9,284</u>	<u>\$ 49,443</u>	<u>\$ 287,371</u>	<u>\$ (9,114)</u>

Immunization Grant	Other Grant	Inmate Welfare	Offender Monitoring	HAHR	Best Beginning	Impact Assistance	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,480
-	-	-	-	-	-	-	-
-	531,323	37,566	530	159,274	57,833	40,543	1,024,130
-	-	-	-	-	-	-	56,331
-	-	309	-	-	49	4,737	11,315
-	1,249	4,500	3,285	-	-	-	12,510
-	<u>532,572</u>	<u>42,375</u>	<u>3,815</u>	<u>159,274</u>	<u>57,882</u>	<u>45,280</u>	<u>1,546,766</u>
-	394,453	-	-	159,274	-	-	553,727
-	106,207	30,646	9,240	-	-	-	407,349
-	39,564	-	-	-	61,416	-	340,062
-	-	-	-	-	-	-	136,807
-	-	-	-	-	-	10,511	10,511
-	<u>540,224</u>	<u>30,646</u>	<u>9,240</u>	<u>159,274</u>	<u>61,416</u>	<u>10,511</u>	<u>1,448,456</u>
-	(7,652)	11,729	(5,425)	-	(3,534)	34,769	98,310
-	-	-	20,000	-	-	-	105,856
-	-	-	20,000	-	-	-	105,856
-	(7,652)	11,729	14,575	-	(3,534)	34,769	204,166
11,024	(59,698)	34,051	200	1,814	12,923	590,516	782,128
<u>\$ 11,024</u>	<u>\$ (67,350)</u>	<u>\$ 45,780</u>	<u>\$ 14,775</u>	<u>\$ 1,814</u>	<u>\$ 9,389</u>	<u>\$ 625,285</u>	<u>\$ 986,294</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET ASSETS
 CONVERSE COUNTY PUBLIC LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2011

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 469,861	\$ 47,387	\$ 517,248
Investments	111,136	149,073	260,209
Receivables	1,476	62,855	64,331
Property tax receivable	19,644	-	19,644
Due from other governments	17,471	-	17,471
Beneficial interest in assets held by others	-	78,650	78,650
Capital assets, net of accumulated depreciation	455,190	2,315	457,505
 Total assets	 <u>1,074,778</u>	 <u>340,280</u>	 <u>1,415,058</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,805	-	3,805
Noncurrent liabilities			
Due in more than one year	21,523	-	21,523
 Total current liabilities	 <u>25,328</u>	 <u>-</u>	 <u>25,328</u>
NET ASSETS			
Invested in capital assets, net of related debt	455,190	2,315	457,505
Permanently restricted by donors	-	192,315	192,315
Unrestricted	594,260	145,650	739,910
 Total net assets	 <u>\$ 1,049,450</u>	 <u>\$ 340,280</u>	 <u>\$ 1,389,730</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS CONVERSE COUNTY PUBLIC LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION Year Ended June 30, 2011

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Intergovernmental revenues	\$ -	\$ 182,095	\$ 182,095
Taxes	744,776	-	744,776
Charges for services	15,662	-	15,662
Investment income	3,366	11,654	15,020
Miscellaneous	(893)	33,866	32,973
Public support	-	10,354	10,354
Total revenues	762,911	237,969	1,000,880
Expenditures			
Current			
Health, welfare and recreation	808,342	11,946	820,288
Capital outlay	-	-	-
Total expenditures	808,342	11,946	820,288
Excess (deficiency) of revenues over (under) expenditures	(45,431)	226,023	180,592
Net change in fund balance	(45,431)	226,023	180,592
Net assets, beginning of year	1,094,881	36,405	1,131,286
Prior period adjustment	-	77,852	77,852
Net assets, beginning of year as restated	1,094,881	114,257	1,209,138
Net assets, end of year	\$ 1,049,450	\$ 340,280	\$ 1,389,730

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SINGLE AUDIT, INTERNAL CONTROL, AND COMPLIANCE INFORMATION

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CONVERSE COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	\$ 14,580
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	81,400
Direct Funding			
Schools and Roads Cluster			
Schools and Roads - Grants to Counties	10.666	-	<u>345,498</u>
Total U.S. Department of Agriculture			<u>441,478</u>
<u>U.S. Department of Commerce</u>			
Passed through Wyoming Office of Homeland Security Public Safety Interoperable Communications Grant Program	11.555	07-NTI-CON-PS-PCS7	<u>32,266</u>
Total U.S. Department of Commerce			<u>32,266</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	-	<u>223,497</u>
Total Highway Planning and Construction Cluster			<u>223,497</u>
Highway Safety Cluster			
State and Community Highway Safety	20.600	-	<u>9,374</u>
Total Highway Safety Cluster			<u>9,374</u>
Alcohol Open Container Requirements	20.607	-	<u>1,505</u>
Total U.S. Department of Transportation			<u>234,376</u>
<u>U.S. Department of Energy</u>			
Passed through Wyoming Business Council			
State Energy Program Recovery	81.041 ARRA	-	<u>277,064</u>
Energy Efficiency and Conservation Block Grant Program (EECBG) Recovery	81.128 ARRA	-	<u>55,900</u>
Total U.S. Department of Energy			<u>332,964</u>

(Continued)

See notes to the schedule of expenditures of federal awards

CONVERSE COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health			
Centers for Disease Control and Prevention, Public Health Emergency Preparedness TANF Cluster	93.069	-	\$ 101,289
Temporary Assistance for Needy Families (TANF) State Program	93.558	-	66,918
HIV Prevention Activities Health Department Based	93.940	-	620
Total U.S. Department of Health and Human Services			<u>168,827</u>
<u>Office of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Emergency Management Performance Grants	97.042	09-GPD-CON-EM-GCF9	2,643
Emergency Management Performance Grants	97.042	10-GPD-CON-EM-GCF10	24,426
Total Emergency Management Performance Grants			<u>27,069</u>
Homeland Security Cluster			
Homeland Security Grant Program	97.067	08-GPD-CON-SC-HSG8	8,810
Homeland Security Grant Program	97.067	09-GPD-CON-SC-HSG9	88,446
Homeland Security Grant Program	97.067	08-GPD-CON-CC-HCC8	999
Homeland Security Grant Program	97.067	10-GPD-CON-LS-HLE10	3,570
Homeland Security Grant Program	97.067	09-GPD-CON-LC-HLE9	270
Homeland Security Grant Program	97.067	09-GPD-CON-LS-HLE9	11,304
Total Homeland Security Cluster			<u>113,399</u>
Buffer Zone Protection Program	97.078	08-GPD-CON-BZ-BZL8	36,991
Total Office of Homeland Security			<u>177,459</u>
			<u>\$ 1,387,370</u>

See notes to the schedule of expenditures of federal awards

CONVERSE COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Converse County, Wyoming and is presented on the cash 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.

Note 2. Payment in Lieu of Taxes – CFDA 15.226

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 is no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2011, the County recognized \$765,404 of PILT entitlement as income.

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

To the Board of Commissioners
Converse County, Wyoming

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Converse County, Wyoming (County) as of and for the year ended June 30, 2011 which collectively comprise Converse County's basic financial statements, and have issued our report thereon dated February 24, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements for the Memorial Hospital of Converse County, Converse County Weed and Pest Control District, and the Converse County Airport Board as described in our report on Converse County, Wyoming's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or 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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. Other auditors identified deficiencies in internal control over financial reporting, as described in the accompanying Schedule of Findings and Questioned Costs as IC 2011-03 and IC 2011-04 that they consider to be material weaknesses, as defined above. We and the other auditors identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as IC 2011-01 and IC 2011-02 that we and the other auditors consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated February 24, 2012.

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

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

February 24, 2012



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Converse County, Wyoming

Compliance

We have audited the compliance of Converse County, Wyoming with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Converse County, Wyoming's major Federal programs for the year ended June 30, 2011. Converse County, Wyoming's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Converse County, Wyoming's management.

Converse County, Wyoming's basic financial statements include the operations of the Memorial Hospital of Converse County, a discretely presented component unit. Our audit described below, did not include the operations of the Memorial Hospital of Converse County, Converse County Weed & Pest Control District, and Converse County Airport Board because the component units engaged other auditors to perform its audit. The report of those auditors did not reference any federal awards being expended by the Memorial Hospital of Converse County, Converse County Weed & Pest Control District, and Converse County Airport Board. Our responsibility is to express an opinion on Converse County, Wyoming's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government 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 Converse County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Converse County, Wyoming's compliance with those requirements.

In our opinion, Converse County, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

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

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

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

February 24, 2012

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
10.666	Schools and Roads - Grants to Counties	\$ 345,498
84.041	State Energy Program	\$ 277,064

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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(Continued)

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

PART II – Financial Statement Findings

COUNTY

IC 2011-01

Criteria

The Auditing Standards Board (ASB) 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 that 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 County has controls in place and operating over the preparation of budget-basis financial reports, including in-depth review by management and the Board and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. 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.

Effect

Potential misstatements could exist within the County's financial statements without being detected.

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. The County should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

Response

While the County understands the issued guidelines under SAS No., 115, the County does not see a significant value from the technical compliance with this statement or a cost benefit to the County.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

WEED AND PEST DISTRICT

IC 2011-02

(As reported by other auditors)

Criteria

An effective internal control structure of an organization will include procedures and actions to:

1. Protect its assets against theft and waste.
2. Ensure compliance with the organization's policies, procedures and statutory requirements.
3. Evaluate the performance of personnel to promote efficient operations.
4. Ensure accurate and reliable operating and accounting data.

Separation of duties requires that someone other than the employee responsible for safeguarding the asset must maintain the accounting records for that asset. When an organization separates duties of the employees, it minimizes the probability of an error or irregularity occurring and not being timely detected.

Condition

Due to the small size of the District, the possibility of adequate separation of duties over certain transaction cycles is limited.

Recommendation

While we recognize that it is impractical for the District to achieve complete separation of duties over all transaction cycles, it is important that the Board is aware that errors and irregularities may not be detected and corrected by employees in the normal course of performing their assigned functions.

Response

The District feels that it has separated duties to the extent possible. Additional separation would not be cost effective. The Board will have a heightened awareness of the risks associated with the lack of separation of duties.

COUNTY AIRPORT BOARD

IC 2011-03

(As reported by other auditors)

Criteria

Many small organizations rely on one or two individuals to perform the accounting functions. One or two employees in the accounting department do not provide adequate segregation of duties.

Condition

In our judgment, the Board's accounting staff is not large enough to permit adequate segregation of duties as reported above. This lack of segregation of duties does not allow management to detect and correct a material misstatement if present. Due to the size of the Board's staff it is anticipated that this will be an ongoing finding.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

COUNTY AIRPORT BOARD (Continued)

IC 2011-03 (Continued)

Context

One of two employees in the Board's accounting department does not provide adequate segregation of duties.

Effect

This lack of segregation of duties does not allow management to detect and correct a material misstatement if present.

Cause

In our judgment, the Board's accounting staff is not large enough to permit adequate segregation of duties as reported above. Due to the size of the Board's staff it is anticipated that this will be an ongoing finding.

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication. However, due to the lack of resources available to management to correct this weakness of segregation of duties, we recommend management mitigate this weakness with possible compensating controls such as close supervision and monitoring by management and by the governing board.

Response

Although the accounting staff is too small to provide for adequate segregation of duties, there are effective compensating controls in place. Physical control of documents and control of check signature authority are two examples of measures used to compensate for the segregation issue. Vouchers all require management approval, as well as invoices processed for payment. On a monthly basis, expenditures are reviewed by the Board and airport manager, and bank statements are reconciled and reviewed. These controls provide adequate and effective safeguards to compensate for the lack of segregation of responsibilities in the accounting department.

IC 2011-04

(As reported by other auditors)

Criteria

The Auditing Standards Board (ASB) has issued guidance to auditors related to an entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. This guidance emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

Context

As part of the annual audit, the Board requests that the auditor prepare the financial statements including footnotes.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

COUNTY AIRPORT BOARD (Continued)

IC 2011-04 (Continued)

(As reported by other auditors)

Effect

A possibility exists that a material misstatement may be missed due to management not preparing the financial statements.

Cause

In our judgment, the Board's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP).

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication. However, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response

We believe Board members and management have the appropriate skills and knowledge to understand the financial statements. The Board and management review and approve the financial statements along with the journal entries proposed by the auditor as well as question various journal entries and financial information, including the notes to the financial statements.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

PART III

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CONVERSE COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2011

COUNTY

IC 2010-01

Criteria

The Auditing Standards Board (ASB) 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 that 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.

Status

The condition still exists.

COUNTY AIRPORT BOARD

IC 2010-02

(As reported by other auditors)

Criteria

Many small organizations rely on one or two individuals to perform the accounting functions. One or two employees in the accounting department does not provide adequate segregation of duties.

Status

The condition still exists.

IC 2010-03

(As reported by other auditors)

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

Status

The condition still exists.

CONVERSE COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2011

COUNTY AIRPORT BOARD (CONTINUED)

IC 2010-04

Criteria

The Auditing Standard Board (ASB) has issued guidance to auditors related to an entity's internal controls over financial reporting. This guidance states that identification of adjustments to the financial statements is a strong indicator of a material weakness in internal control. The Board's accounting personnel, in the course of their assigned duties, are not properly recording certain accounts at year end. The Board's accounting personnel failed to properly account for the certain transactions that we believe to be a material weakness in accounting and financial reporting.

Status

The condition has been corrected.

WEED AND PEST DISTRICT

IC 2010-05

(As reported by other auditors)

Criteria

The small size of the District's office staff limits the possibility of adequate separation of duties in the accounting area. The basic premise of separation of duties is that no one employee should have access to both the physical assets and the related accounting records or to all phases of a transaction. The District has implemented compensating controls to the extent possible by use of the governing board. While we recognize that it may be impractical for the District to achieve adequate separation of duties within the accounting department, it is important that the Board be aware of this condition.

Status

The condition still exists.

IC 2010-06

(As reported by other auditors)

Criteria

Wyoming Statute 16-4-103 requires that all departments, and expenditures of public funds need to have and adopted budget-2011.

Status

The condition has been corrected.

CONVERSE COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2011

COUNTY LIBRARY BOARD

IC 2010-07

Criteria

The small size of the Library's office staff limits the possibility of adequate separation of duties in the accounting area. The basic premise of separation of duties is that no one employee should have access to both the physical assets and the related accounting records or to all phases of a transaction. The Library has implemented compensating controls to the extent possible by use of the governing board. While we recognize that it may be impractical for the Library to achieve adequate separation of duties within the accounting department, it is important that the Board be aware of this condition.

Status

The condition still exists.

IC 2010-08

Criteria

An integral part of the internal control system is the ability to prepare financial statements including the necessary footnotes.

Status

The condition has been corrected.

COUNTY HOSPITAL BOARD

IC 2010-09

Criteria

The Chief Financial Officer prepares and enters journal entries in the general ledger detail. In the past, this was monitored by the Vice President of Finance. With the position vacant at the present time there is currently no monitoring of the journal entries being posted. An error in an entry could result in a material misstatement in the financial statements.

Status

The condition has been corrected.

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