

**TETON COUNTY**  
**FINANCIAL STATEMENTS**  
**June 30, 2012**

TETON COUNTY  
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**Certified Public Accountants**

1011 West 400 North, Suite 100  
P.O. Box 747  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878

**PARTNERS:**

*Michael C. Kidman, CPA  
Brent S. Sandberg, CPA  
Mark E. Low, CPA  
H. Paul Gibbons, CPA  
Robert D. Thomas, CPA  
Paul R. Campbell, CPA  
Shawn R. Anderson, CPA  
Scott L. Burton, CPA*

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Teton County  
Jackson, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Teton County, Wyoming (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 Teton County Weed and Pest Control District (discretely presented component unit), which represents 15 percent, 10 percent, and 13 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Teton County Building Corporation (blended component unit), which represents 1 percent, 1 percent, and 0 percent, respectively, of the assets, net assets, and revenues of the primary government. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Teton County Weed and Pest Control District and the Teton County Building Corporation is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The supplementary information 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 also not a required part of the basic financial statements. The accompanying schedule of financial position and schedule of activities and functional expenses of the Teton County Drug Court are presented for purposes of additional analysis as required by the State of Wyoming Department of Health and are also not a required part of the basic financial statements. The supplementary information, the schedule of expenditures of federal awards and the schedules of Teton County Drug Court financial position and activities and functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



JONES SIMKINS, P.C.  
December 10, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Board of County Commissioners of Teton County, Wyoming (the County) offers this narrative overview and analysis of the financial activities of the County for the fiscal year ended on June 30, 2012.

This narrative responds to the requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. All comparisons and analyses should be read in conjunction with the details contained in the audited financial statements for this year and prior years.

Unless otherwise noted, the information and financial data included in this discussion and analysis relate to the *primary government* and do not include the County's discretely presented component units. The primary government can be generally described as providing the core services expected of local government, such as public safety, public health and maintenance of infrastructure; component units are separate legal entities that provide ancillary services (examples of which are library, affordable housing, and weed and pest control services).

#### FINANCIAL HIGHLIGHTS

- County assets of \$109.4 million exceeded liabilities of \$31.1 million, which resulted in total net assets of \$78.3 million, the majority of which (78%) is the County's investment in capital assets net of related debt totaling \$61.2 million. *(See the Statement of Net Assets in the Audited Financial Statements)*
- Total assets of the primary government increased \$7.8 million from June 30, 2011 to June 30, 2012. Total assets increased primarily as a result of additions to capital assets which increased by approximately \$5.0 million. Major capital asset additions include the County receiving ownership of all County Fair related assets, including fairground buildings, vehicles and equipment totaling approximately \$3.5 million. As further described in note 15 to the financial statements, the Teton County Fair Board (a component unit of the County) contributed all assets and liabilities to the County government. Beginning in fiscal year 2012, all County Fairgrounds operations are accounted for within a new special revenue fund of the County. The County made other significant capital improvements including pathway system additions, vehicle fleet additions and building improvements associated with a county-wide energy efficiency program.
- Total liabilities increased \$8.9 million during 2012. The increase is attributable to the change in estimated future landfill closure costs, which at June 30, 2011 totaled \$2.0 million, and as of June 30, 2012 are estimated at \$12.7 million. This change in the estimated landfill closure costs liability was based on new developments in the ongoing negotiations with the State of Wyoming Department of Environmental Quality regarding the County's approach for ensuring that the County's landfill site achieves established standards for protecting local water quality. *(See the Statement of Activities in the Audited Financial Statements)*
- Of the \$17.1 million in net assets that are not invested in capital assets, \$4.6 million was unrestricted and \$12.5 million was restricted for future capital projects, infrastructure expenditures, public safety services, community development services and parks and recreation services. The current year decrease of \$5.8 million in unrestricted net assets is primarily associated with the increase in estimated future landfill closure costs offset by the \$5.0 million excess of total revenues over total expenses before the effect of special items. *(See the Statement of Activities in the Audited Financial Statements)*

- Total general fund revenues increased \$1.8 million or 6.9% over the prior year, from \$25.3 million in 2011 to \$27.1 million in 2012. Sales and use tax revenues increased \$1.8 million due to improvements in the local retail and tourism economy. All other tax revenues were generally consistent with the prior year, reflecting an aggregate decrease of only \$35,000 compared to 2011. The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of the assessed valuation to finance general governmental services (general government operations, and library, fair and special fire fund operations). The combined tax rate for the year ended June 30, 2012, remained consistent with the prior year at 8.599 mills, leaving a tax margin of 3.401 mills or \$3.7 million that was not assessed on the total assessed valuation of \$1.1 billion, down from \$1.2 billion in 2011.
- Total general fund expenditures increased \$0.8 million between 2012 and 2011, primarily resulting from increases in administration function expenditures. Within the administration function, self-insured health insurance costs increased \$0.5 million or 36% over the prior year. Administration function capital expenditures, which included such items as information technology assets and energy efficiency building improvements increased \$0.3 million over 2011. Other general fund functional expenditures remained fairly consistent with prior year levels. For the year ended June 30, 2012, revenues exceeded expenditures by \$4.8 million.
- After net interfund transfers out of \$7.1 million, the general fund's total fund balance decreased by \$2.3 million in 2012. During 2012, the general fund made a unique transfer of \$4.9 million to a newly established capital projects fund. The amount transferred was equal to the general fund's committed "capital projects reserve" portion of its fund balance, which will now be accounted for in a separate fund. Please note that the General Fund revenues and expenditures do not include the activities of special revenue funds, which are described in the governmental funds discussion. (*See the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the Audited Financial Statements*)

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Teton County's basic financial statements. These statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, other non-financial factors should also be considered.

The *Statement of Activities* presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both the Statement of Net Assets and the Statement of Activities, which together comprise the government-wide financial statements, distinguish between activities that are principally supported by

taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Financial information for the discretely presented component units is reported separately from the financial information of the primary government. The County's *discretely presented component units* include the following:

Teton County Weed and Pest Control District  
Teton County Fair Board  
Teton County Library Board  
Teton County Housing Authority  
Jackson Hole Travel and Tourism Board

***Fund financial statements*** group those accounts for which revenues are segregated for specific activities. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County maintains a general fund and several special revenue funds and capital projects funds.

The County's *special revenue funds* include the following:

Parks and Recreation  
Grants  
Special Fire  
Fire/EMS  
Enhanced 911  
Housing Authority  
Roads  
Lodging Tax  
County Fair

The County's *capital projects funds* include the following:

Capital Projects (general projects)  
2006 Pathways Specific Tax  
2006 Daycare Specific Tax  
2006 Trash Transfer Specific Tax  
2010 Fire/EMS Specific Tax  
2010 Pathways Specific Tax  
2010 Wilson Specific Tax  
2010 Parks and Recreation Specific Tax  
2010 County Fair Specific Tax

The General Fund is always classified as a major fund. The size of the Parks and Recreation Special Revenue Fund, the Grants Special Revenue Fund and the Capital Projects Fund meet the threshold for classification as major funds and therefore these funds along with the General Fund are listed separately in the Statement of Revenues, Expenditures and Changes in Fund Balances. All other special revenue funds and capital projects funds have been included in the aggregated non-major fund totals.

These *governmental funds* account for functions reported as governmental activities and focus on near-term sources and uses of money, as well as the balance available at the end of the fiscal year. These reports are useful in evaluating Teton County's near-term financial requirements and include the governmental funds *balance sheet* and the governmental funds *statement of revenues, expenditures, and changes in fund balances*. These reports provide information on how services are financed in the short term and what remains for future spending. Sources and uses of money are discussed in the Financial Analysis portion of this discussion.

There are currently no *internal service funds*; however, the County has participated in tracking performance measures to determine cost-allocations for parks maintenance, facilities maintenance, and information systems services.

The County uses proprietary funds to account for business-type activities. The County has created the Integrated Solid Waste and Recycling Fund to account for the recycling center and trash transfer station operations. The operations of the Teton County Building Corporation are also reported as a business-type activity and included as a proprietary fund. Proprietary funds are reported using the same accounting basis used in the government-wide financial statements.

The County also operates a *fiduciary fund*, which is used to account for assets held strictly in a custodial manner for the benefit of other entities. The County's fiduciary fund is presented as a separate report in the financial statements because the assets are not available to support the County's programs. The County's fiduciary fund is the Treasurer's Tax Agency Fund.

*Notes to the financial statements* provide additional information that is necessary to more fully understand the financial statements. Many of the notes contain a more complete definition of accounting terms and descriptions of the County's accounting policies. The notes also provide additional detail on deposits and investments, changes to capital assets, funded liabilities, long-term debt obligations, retirement plans and compliance-related issues.

#### CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

- A summary of changes to capital assets is contained within Note 3 of the Notes to the Financial Statements. As discussed in the financial highlights section above, the County received a unique contribution of all County Fairgrounds assets during 2012 totaling \$3.5 million.
- A summary of changes to long-term liabilities is contained within Note 6 of the Notes to the Financial Statements. The County has an outstanding lease revenue bond resulting in total bonds payable of \$5.0 million. During 2012, the County refinanced its revenue bond debt, issuing refunding bonds with a principal amount of \$5.0 million. The proceeds of these new refunding bonds repay the original revenue bonds in full, and provide \$0.3 million in savings on debt service costs over the next 7 years.
- The County also reports a liability associated with the estimated closure costs related to the County's landfill for approximately \$12.7 million. As discussed in the financial highlights section above, this liability increased by \$10.7 million in 2012, due to changes in the estimate of future closure costs to be incurred.
- Other long-term liabilities include employee compensated absences and notes payable which bring the total long-term liabilities to \$20.5 million.

FINANCIAL ANALYSIS

As previously noted, *net assets* serve as a useful indicator of Teton County's financial position. Total primary government assets exceeded total primary government liabilities by approximately \$78.3 million, the majority of which is reflected in the net investment in capital assets totaling \$61.2 million. (*See also the complete Statement of Net Assets in the Audited Financial Statements*)

The table below summarizes the County's assets, liabilities and net assets as of June 30, 2012 and 2011:

**SUMMARY SCHEDULE OF NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current assets, as restated	\$ 40,487,791	39,000,091	2,720,828	1,435,037	43,208,619	40,435,128
Capital assets	64,734,311	59,638,304	1,455,861	1,571,314	66,190,172	61,209,618
Total assets	<u>105,222,102</u>	<u>98,638,395</u>	<u>4,176,689</u>	<u>3,006,351</u>	<u>109,398,791</u>	<u>101,644,746</u>
Current liabilities	11,870,887	12,731,142	104,230	177,085	11,975,117	12,908,227
Non-current liabilities	19,111,678	9,319,793	3,923	6,140	19,115,601	9,325,933
Total liabilities	<u>30,982,565</u>	<u>22,050,935</u>	<u>108,153</u>	<u>183,225</u>	<u>31,090,718</u>	<u>22,234,160</u>
Invested in capital assets, net of debt	59,739,311	54,310,804	1,455,861	1,571,314	61,195,172	55,882,118
Restricted, as restated	12,226,536	11,959,985	281,180	1,194,359	12,507,716	13,154,344
Unrestricted, as restated	2,273,690	10,316,671	2,331,495	57,453	4,605,185	10,374,124
Total net assets	<u>\$ 74,239,537</u>	<u>76,587,460</u>	<u>4,068,536</u>	<u>2,823,126</u>	<u>78,308,073</u>	<u>79,410,586</u>

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. These net assets are reported net of related debt, and therefore resources needed to repay this debt are provided from other sources, not the capital assets themselves.

Certain captions in the above summary schedule of net assets and the summary schedule of changes in net assets which follows indicate that they are "restated". This relates to the County's changing of its classification of the Teton County Building Corporation from a governmental activity to a business-type activity. The 2011 reported amounts in these schedules reflect this change in classification to allow for comparability between 2012 and 2011. This change has no effect on the total assets, liabilities, or net assets of the County.

Activities in the tables that follow summarize the sources and uses of funds for all operations of the County. The audited financial statements provide details related to the revenues and expenditures summarized below. Please also refer to the previously described highlights that discuss changes in activities from the prior fiscal year to current fiscal year.

TETON COUNTY, WYOMING  
Management's Discussion and Analysis  
Year Ended June 30, 2012

**SUMMARY SCHEDULE OF CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 8,274,413	7,264,725	3,492,203	3,178,682	11,766,616	10,443,407
Operating grants and contributions	2,645,418	2,448,529	90,841	98,421	2,736,259	2,546,950
Capital grants and contributions	2,253,771	4,104,763	-	-	2,253,771	4,104,763
General revenues:						
Taxes	25,745,595	23,178,691	-	-	25,745,595	23,178,691
Investment income, as restated	321,979	266,498	13,328	38,128	335,307	304,626
Other income	386,053	227,440	3,416	14,477	389,469	241,917
Total revenues	<u>39,627,229</u>	<u>37,490,646</u>	<u>3,599,788</u>	<u>3,329,708</u>	<u>43,227,017</u>	<u>40,820,354</u>
Expenses:						
Administration, as restated	7,351,341	6,423,704	-	-	7,351,341	6,423,704
Community development	3,534,509	3,831,832	-	-	3,534,509	3,831,832
Health and human services	2,468,489	2,374,233	-	-	2,468,489	2,374,233
Justice	1,718,290	1,783,072	-	-	1,718,290	1,783,072
Infrastructure	5,296,453	4,688,942	-	-	5,296,453	4,688,942
Parks and recreation	4,949,385	3,947,797	-	-	4,949,385	3,947,797
Public safety	9,402,788	9,150,631	-	-	9,402,788	9,150,631
Interest and fiscal charges	192,431	257,979	-	-	192,431	257,979
Solid waste and recycling	-	-	3,276,478	3,592,398	3,276,478	3,592,398
Building Corporation, as restated	-	-	71,576	75,856	71,576	75,856
Total expenses	<u>34,913,686</u>	<u>32,458,190</u>	<u>3,348,054</u>	<u>3,668,254</u>	<u>38,261,740</u>	<u>36,126,444</u>
Change in net assets before transfers and special items, as restated	4,713,543	5,032,456	251,734	(338,546)	4,965,277	4,693,910
Special item - contributions to other entities	-	(178,467)	-	-	-	(178,467)
Special item - landfill closure costs	(10,700,000)	-	-	-	(10,700,000)	-
Special item - contributions from component unit	3,783,529	-	-	-	3,783,529	-
Special item - settlement of contingent claim	-	-	848,681	-	848,681	-
Transfers in (out), as restated	(144,995)	(56,078)	144,995	56,078	-	-
Change in net assets, as restated	<u>(2,347,923)</u>	<u>4,797,911</u>	<u>1,245,410</u>	<u>(282,468)</u>	<u>(1,102,513)</u>	<u>4,515,443</u>
Net assets - beginning, as restated	<u>76,587,460</u>	<u>71,789,549</u>	<u>2,823,126</u>	<u>3,105,594</u>	<u>79,410,586</u>	<u>74,895,143</u>
Net assets - ending, as restated	<u>\$ 74,239,537</u>	<u>76,587,460</u>	<u>4,068,536</u>	<u>2,823,126</u>	<u>78,308,073</u>	<u>79,410,586</u>

**GENERAL FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

	2012 Final Budget	2012 Actual	Variance	Variance as a % of Budget
Revenues	\$ 25,160,892	\$ 27,085,452	1,924,560	7.6%
Expenditures	24,138,967	22,256,971	1,881,996	7.8%
Excess of revenues over expenditures	1,021,925	4,828,481	3,806,556	
Transfers from other funds	918,809	677,193	(241,616)	
Transfers to other funds	(7,640,459)	(7,809,688)	(169,229)	
Deficiency of revenues over expenditures and transfers	<u>\$ (5,699,725)</u>	(2,304,014)	<u>\$ 3,395,711</u>	
Fund balance – beginning of fiscal year		<u>\$ 14,384,404</u>		
Fund balance – end of fiscal year		<u>\$ 12,080,390</u>		

The Board of County Commissioners must weigh the adequacy of the cash reserve with whether excess fund balance should be invested in infrastructure, returned to the taxpayers through a decrease to the mill levy, or used to increase the cash or capital reserves.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Sales and use tax revenue exceeded budgeted revenues by \$1.1 million. Budget to actual variances in the sales and use tax revenue were a result of better than expected improvements in the local retail and tourism economy. Based on the uncertainty in local and national economic conditions, conservative projections were used to establish the sales and use tax revenue budget for the year. The budget projection expected an increase of 4% compared to the prior year, but the actual sales and use tax revenue increased 10% compared to the prior year.

Administration expenditures were \$0.7 million below budget, primarily due to the lack of any need to utilize the administration function contingency budget during the year.

Health and human services expenditures were \$0.2 million below budget, resulting from certain grant funding not being utilized as planned, as well as lower than expected salary and benefit costs.

Infrastructure expenditures were \$0.3 million below budget, due to reduced road maintenance and flood control costs.

Public safety expenditures were \$0.4 million below budget, primarily due to salaries and benefits for jail operations and patrol operations being lower than budgeted by \$0.3 million.

The Teton County budget process begins midway through the current fiscal year to coincide with the Town of Jackson budget timeline in order to accommodate the joint department budget schedules.

Because of this accelerated timeline, budgets do not reflect unanticipated grant revenues and associated expenditures, which therefore require budget amendments.

CONTACT INFORMATION

This discussion is designed to provide a general overview of Teton County's finances for citizens, taxpayers, customers, investors, creditors, and anyone else with an interest in governmental finance. Questions concerning the information provided in this discussion or requests for additional financial information should be addressed to the Board of County Commissioners, P.O. Box 3594, Jackson, WY 83001, by calling 307-733-8094, or by e-mailing: [commissioners@tetonwyo.org](mailto:commissioners@tetonwyo.org).

## Basic Financial Statements

TETON COUNTY  
STATEMENT OF NET ASSETS  
June 30, 2012

	<u>Primary Government</u>			Component Units
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Assets:</b>				
Pooled cash and cash equivalents	\$ 29,066,991	703,823	29,770,814	-
Cash and cash equivalents	646,884	400,960	1,047,844	4,947,216
Restricted cash and cash equivalents	-	-	-	115,475
Investments	-	496,723	496,723	1,839,066
Accounts receivable	287,156	263,713	550,869	82,752
Taxes receivable	6,899,232	-	6,899,232	3,519,770
Other receivables	200	-	200	-
Due from other governments	2,935,242	848,681	3,783,923	343,713
Prepaid expenses	-	6,928	6,928	20,594
Inventory	-	-	-	185,940
Bond issuance costs	144,586	-	144,586	-
Notes receivable	507,500	-	507,500	500,000
Capital assets	110,457,717	1,890,638	112,348,355	28,446,782
Accumulated depreciation	<u>(45,723,406)</u>	<u>(434,777)</u>	<u>(46,158,183)</u>	<u>(1,322,928)</u>
<b>Total assets</b>	<b>\$ <u>105,222,102</u></b>	<b><u>4,176,689</u></b>	<b><u>109,398,791</u></b>	<b><u>38,678,380</u></b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,101,556	79,230	1,180,786	2,276,370
Deferred revenue	6,827,316	-	6,827,316	2,746,000
Funds held in trust	2,552,561	-	2,552,561	-
<b>Long-term liabilities:</b>				
Due within one year	1,389,454	25,000	1,414,454	219,166
Due in more than one year	<u>19,111,678</u>	<u>3,923</u>	<u>19,115,601</u>	<u>2,456,974</u>
<b>Total liabilities</b>	<b><u>30,982,565</u></b>	<b><u>108,153</u></b>	<b><u>31,090,718</u></b>	<b><u>7,698,510</u></b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	59,739,311	1,455,861	61,195,172	24,595,119
Restricted for capital projects	4,461,405	281,180	4,742,585	-
Restricted for infrastructure	2,148,808	-	2,148,808	-
Restricted for public safety	2,657,794	-	2,657,794	-
Restricted for community development	2,687,627	-	2,687,627	-
Restricted for parks and recreation	244,610	-	244,610	-
Restricted for debt service	-	-	-	115,475
Restricted for other purposes	26,292	-	26,292	-
Restricted for permanent endowment - nonexpendable	-	-	-	1,844,614
Unrestricted	<u>2,273,690</u>	<u>2,331,495</u>	<u>4,605,185</u>	<u>4,424,662</u>
<b>Total net assets</b>	<b>\$ <u><u>74,239,537</u></u></b>	<b><u><u>4,068,536</u></u></b>	<b><u><u>78,308,073</u></u></b>	<b><u><u>30,979,870</u></u></b>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
Administration	\$ 7,351,341	512,711	844,537	148,760	(5,845,333)	-	-
Community development	3,534,509	2,167,901	618,026	812,786	64,204	-	-
Health and human services	2,468,489	185,169	457,050	-	(1,826,270)	-	-
Justice	1,718,290	311,364	143,401	-	(1,263,525)	-	-
Infrastructure	5,296,453	35,529	47,806	1,122,904	(4,090,214)	-	-
Parks and recreation	4,949,385	2,775,568	78,668	118,321	(1,976,828)	-	-
Public safety	9,402,788	2,286,171	455,930	51,000	(6,609,687)	-	-
Debt service: interest and fiscal charges	192,431	-	-	-	(192,431)	-	-
<b>Total governmental activities</b>	<b>34,913,686</b>	<b>8,274,413</b>	<b>2,645,418</b>	<b>2,253,771</b>	<b>(21,740,084)</b>	<b>-</b>	<b>-</b>
<b>Business-type activities:</b>							
Integrated solid waste and recycling	3,276,478	3,492,203	90,841	-	-	306,566	-
Teton County Building Corporation	71,576	-	-	-	-	(71,576)	-
<b>Total business-type activities</b>	<b>3,348,054</b>	<b>3,492,203</b>	<b>90,841</b>	<b>-</b>	<b>-</b>	<b>234,990</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 38,261,740</b>	<b>11,766,616</b>	<b>2,736,259</b>	<b>2,253,771</b>	<b>(21,740,084)</b>	<b>234,990</b>	<b>(21,505,094)</b>
<b>Component units:</b>							
Teton County Library	\$ 3,323,263	47,990	834,698	-	-	-	(2,440,575)
Teton County Weed and Pest Control	1,692,320	596,836	152,099	-	-	-	(943,385)
Teton County Housing Authority	678,429	278,534	-	182,027	-	-	(217,868)
Jackson Hole Travel and Tourism Board	1,757,520	-	-	-	-	-	(1,757,520)
<b>Total component units</b>	<b>\$ 7,451,532</b>	<b>923,360</b>	<b>986,797</b>	<b>182,027</b>	<b>-</b>	<b>-</b>	<b>(5,359,348)</b>
<b>General revenues:</b>							
Sales and use taxes					\$ 13,225,751	-	6,508,037
Property taxes					10,083,260	-	3,553,079
Other taxes					2,436,584	-	-
County appropriations					-	-	768,600
Investment income (loss)					321,979	13,328	(82,539)
Gain (loss) on disposal of assets					12,042	-	(323,741)
Miscellaneous					374,011	3,416	18,650
Transfers					(144,995)	144,995	-
Special item - contribution from component unit					3,783,529	-	(3,783,529)
Special item - landfill closure costs					(10,700,000)	-	-
Special item - settlement of contingent claim					-	848,681	-
Total general revenues and special items					19,392,161	1,010,420	6,658,557
Change in net assets					(2,347,923)	1,245,410	1,299,209
Net assets—beginning, as restated					76,587,460	2,823,126	29,680,661
Net assets—ending					\$ 74,239,537	4,068,536	30,979,870

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012

	General	Parks and Recreation Special Revenue	Grants Special Revenue	Capital Projects	Non-major Funds	Total Governmental Funds
<b>Assets:</b>						
Pooled cash and cash equivalents	\$ 12,103,811	224,354	-	4,943,009	11,795,817	29,066,991
Cash and cash equivalents	613,948	1,400	-	-	31,536	646,884
Interfund receivable - pooled cash	121,178	-	-	-	-	121,178
Accounts receivable	-	66,006	-	-	221,150	287,156
Taxes receivable	6,163,405	-	-	-	735,827	6,899,232
Other receivables	-	200	-	-	-	200
Due from other governments	2,378,652	134,356	205,809	-	216,425	2,935,242
Due from other funds	53,601	-	-	-	14,308	67,909
Notes receivable	507,500	-	-	-	-	507,500
<b>Total assets</b>	<b>\$ 21,942,095</b>	<b>426,316</b>	<b>205,809</b>	<b>4,943,009</b>	<b>13,015,063</b>	<b>40,532,292</b>
<b>Liabilities:</b>						
Interfund payable - pooled cash	\$ -	-	121,178	-	-	121,178
Accounts payable and accrued liabilities	688,195	113,708	60,228	-	182,121	1,044,252
Due to other funds	14,308	-	17,334	-	36,267	67,909
Deferred revenue	6,606,641	-	-	-	728,175	7,334,816
Funds held in trust	2,552,561	-	-	-	-	2,552,561
<b>Total liabilities</b>	<b>9,861,705</b>	<b>113,708</b>	<b>198,740</b>	<b>-</b>	<b>946,563</b>	<b>11,120,716</b>
<b>Fund balances:</b>						
<b>Restricted for:</b>						
Capital projects	-	-	-	-	4,461,405	4,461,405
Infrastructure	-	-	-	-	2,148,808	2,148,808
Public safety	-	-	-	-	2,657,794	2,657,794
Community development	1,486,444	-	-	-	1,201,183	2,687,627
Parks and recreation	-	-	-	-	244,610	244,610
Other purposes	19,223	-	7,069	-	-	26,292
<b>Committed for:</b>						
Capital projects	-	-	-	4,943,009	-	4,943,009
Operations stabilization	5,254,365	-	-	-	-	5,254,365
Public safety	-	-	-	-	1,354,700	1,354,700
Parks and recreation	-	312,608	-	-	-	312,608
Unassigned	5,320,358	-	-	-	-	5,320,358
<b>Total fund balances</b>	<b>12,080,390</b>	<b>312,608</b>	<b>7,069</b>	<b>4,943,009</b>	<b>12,068,500</b>	<b>29,411,576</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,942,095</b>	<b>426,316</b>	<b>205,809</b>	<b>4,943,009</b>	<b>13,015,063</b>	<b>40,532,292</b>

The accompanying notes are an integral part of these financial statements.

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

Total fund balances of governmental funds \$ 29,411,576

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 funds.

Capital assets	\$ 110,457,717	
Accumulated depreciation	<u>(45,723,406)</u>	64,734,311

Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds. 507,500

Long-term liabilities, net of related issuance costs, as well as accrued interest are not due and payable in the current period and are therefore not reported in the funds.

Long-term liabilities, due within one year	\$ (1,389,454)	
Long-term liabilities, due in more than one year	(19,111,678)	
Bond issuance costs	144,586	
Accrued interest payable	<u>(57,304)</u>	<u>(20,413,850)</u>

Net assets of governmental activities \$ 74,239,537

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	General	Parks and Recreation Special Revenue	Grants Special Revenue	Capital Projects	Non-major Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 22,680,891	-	-	-	3,064,704	25,745,595
Intergovernmental	700,321	56,040	3,394,540	-	219,853	4,370,754
Charges for services	1,612,220	2,308,643	-	-	2,848,051	6,768,914
Licenses and permits	1,671,740	-	-	-	-	1,671,740
Contributions	-	37,628	-	-	71,989	109,617
Miscellaneous	420,280	30,840	-	23,625	224,343	699,088
Total revenues	<u>27,085,452</u>	<u>2,433,151</u>	<u>3,394,540</u>	<u>23,625</u>	<u>6,428,940</u>	<u>39,365,708</u>
Expenditures:						
Administration	7,340,415	-	77,292	-	-	7,417,707
Community development	2,292,943	-	603,961	-	768,600	3,665,504
Health and human services	2,264,820	-	199,102	-	-	2,463,922
Justice	1,708,803	-	-	-	-	1,708,803
Infrastructure	2,118,374	-	1,696,712	-	2,204,456	6,019,542
Parks and recreation	-	3,889,442	103,321	-	1,164,352	5,157,115
Public safety	6,005,603	-	349,352	-	3,555,162	9,910,117
Debt service:						
Principal	451,838	-	-	-	-	451,838
Interest and fiscal charges	74,175	-	-	-	-	74,175
Total expenditures	<u>22,256,971</u>	<u>3,889,442</u>	<u>3,029,740</u>	<u>-</u>	<u>7,692,570</u>	<u>36,868,723</u>
Excess (deficiency) of revenues over expenditures	<u>4,828,481</u>	<u>(1,456,291)</u>	<u>364,800</u>	<u>23,625</u>	<u>(1,263,630)</u>	<u>2,496,985</u>
Other financing sources (uses):						
Special item - contribution from component unit	-	-	-	-	325,264	325,264
Transfers in (out)	<u>(7,132,495)</u>	<u>1,461,222</u>	<u>(369,735)</u>	<u>4,919,384</u>	<u>976,629</u>	<u>(144,995)</u>
Total other financing sources (uses)	<u>(7,132,495)</u>	<u>1,461,222</u>	<u>(369,735)</u>	<u>4,919,384</u>	<u>1,301,893</u>	<u>180,269</u>
Change in fund balance	<u>(2,304,014)</u>	<u>4,931</u>	<u>(4,935)</u>	<u>4,943,009</u>	<u>38,263</u>	<u>2,677,254</u>
Fund balance - July 1 , as restated	<u>14,384,404</u>	<u>307,677</u>	<u>12,004</u>	<u>-</u>	<u>12,030,237</u>	<u>26,734,322</u>
Fund balance - June 30	<u>\$ 12,080,390</u>	<u>312,608</u>	<u>7,069</u>	<u>4,943,009</u>	<u>12,068,500</u>	<u>29,411,576</u>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Net change in fund balances - governmental funds \$ 2,677,254

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Capital assets received as contributions from other entities are recorded as income in the Statement of Activities, but are not reported in the funds.

Capital outlays and asset contributions received	\$ 8,849,490	
Depreciation expense	<u>(3,723,275)</u>	5,126,215

Certain capital assets were disposed during the course of the year. The amount of net book value of the assets at the time of disposal is recorded in the Statement of Activities as a reduction of net assets. (30,208)

The Statement of Activities reports revenues on the accrual basis that do not provide current financial resources and are therefore deferred in the funds. (1,250)

Debt issuances and capital leases provide current financial resources to governmental funds which increase long-term liabilities in the Statement of Net Assets. Repayments of debt and capital lease principal are expenditures in governmental funds. Changes in other long-term liabilities do not require current financial resources and are, therefore, excluded from the funds.

Reductions of principal on long-term liabilities	\$ 661,950	
Change in accrued interest payable	(39,821)	
Change in landfill closure liability	(10,700,000)	
Change in compensated absences liability	(11,340)	
Amortization of bond issuance costs	<u>(30,723)</u>	<u>(10,119,934)</u>

Change in net assets of governmental activities \$ (2,347,923)

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
<b>Assets:</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 703,823	-	703,823
Cash and cash equivalents	-	400,960	400,960
Investments	-	496,723	496,723
Accounts receivable	263,713	-	263,713
Due from other governments	848,681	-	848,681
Prepaid expenses	-	6,928	6,928
	<u>1,816,217</u>	<u>904,611</u>	<u>2,720,828</u>
Total current assets			
Non-current assets:			
Capital assets	1,890,638	-	1,890,638
Accumulated depreciation	<u>(434,777)</u>	<u>-</u>	<u>(434,777)</u>
	<u>1,455,861</u>	<u>-</u>	<u>1,455,861</u>
Total non-current assets			
Total assets	<u>\$ 3,272,078</u>	<u>904,611</u>	<u>4,176,689</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 79,230	-	79,230
Long-term liabilities, due within one year	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	104,230	-	104,230
Total current liabilities	104,230	-	104,230
Long-term liabilities, due in more than one year	<u>3,923</u>	<u>-</u>	<u>3,923</u>
	<u>108,153</u>	<u>-</u>	<u>108,153</u>
Total liabilities	<u>108,153</u>	<u>-</u>	<u>108,153</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	1,455,861	-	1,455,861
Restricted for capital projects	281,180	-	281,180
Unrestricted	<u>1,426,884</u>	<u>904,611</u>	<u>2,331,495</u>
Total net assets	<u>\$ 3,163,925</u>	<u>904,611</u>	<u>4,068,536</u>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
Operating revenues:			
Charges for services	\$ 2,890,941	-	2,890,941
Materials sales	601,262	-	601,262
Miscellaneous	3,416	-	3,416
Total operating revenues	<u>3,495,619</u>	<u>-</u>	<u>3,495,619</u>
Operating expenses:			
Salaries and benefits	610,964	-	610,964
Current expenses	2,478,426	71,576	2,550,002
Depreciation	187,088	-	187,088
Total operating expenses	<u>3,276,478</u>	<u>71,576</u>	<u>3,348,054</u>
Operating income (loss)	<u>219,141</u>	<u>(71,576)</u>	<u>147,565</u>
Non-operating income:			
Grants and contributions	90,841	-	90,841
Investment income	12,816	512	13,328
Total non-operating income	<u>103,657</u>	<u>512</u>	<u>104,169</u>
Income (loss) before transfers and special item	322,798	(71,064)	251,734
Transfers in	-	144,995	144,995
Income before special item	322,798	73,931	396,729
Special item - settlement of contingent claim	848,681	-	848,681
Change in net assets	1,171,479	73,931	1,245,410
Net assets - beginning, as restated	<u>1,992,446</u>	<u>830,680</u>	<u>2,823,126</u>
Net assets - ending	<u>\$ 3,163,925</u>	<u>904,611</u>	<u>4,068,536</u>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,493,451	-	3,493,451
Payments to suppliers	(2,551,281)	(71,576)	(2,622,857)
Payments to employees	(613,181)	-	(613,181)
Net cash provided by (used in) operating activities	<u>328,989</u>	<u>(71,576)</u>	<u>257,413</u>
Cash flows from non-capital financing activities:			
Receipts from interfund transfers	-	144,995	144,995
Receipts from operating grants and contributions	90,841	-	90,841
Net cash provided by non-capital financing activities	<u>90,841</u>	<u>144,995</u>	<u>235,836</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(71,635)	-	(71,635)
Net cash used in capital and related financing activities	<u>(71,635)</u>	<u>-</u>	<u>(71,635)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	-	549,618	549,618
Purchases of investments	-	(597,567)	(597,567)
Interest income received	12,816	14,492	27,308
Net cash provided by (used in) investing activities	<u>12,816</u>	<u>(33,457)</u>	<u>(20,641)</u>
Net increase in cash and cash equivalents	361,011	39,962	400,973
Cash and cash equivalents - beginning, as restated	<u>342,812</u>	<u>360,998</u>	<u>703,810</u>
Cash and cash equivalents - ending	<u>\$ 703,823</u>	<u>400,960</u>	<u>1,104,783</u>

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

TETON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 219,141	(71,576)	147,565
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	187,088	-	187,088
Non-cash compensation expense	(2,217)	-	(2,217)
Net change in assets and liabilities:			
Accounts receivable	(2,168)	-	(2,168)
Accounts payable and accrued liabilities	(72,855)	-	(72,855)
Total adjustments	109,848	-	109,848
Net cash provided by (used in) operating activities	\$ 328,989	(71,576)	257,413

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2012

	<u>Treasurer's Tax Agency Fund</u>
Assets:	
Pooled cash and cash equivalents	\$ 2,652,639
Cash and cash equivalents	<u>2,500,408</u>
Total assets	<u>\$ 5,153,047</u>
Liabilities:	
Due to other taxing units	<u>\$ 5,153,047</u>
Total liabilities	<u>\$ 5,153,047</u>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
 COMBINING STATEMENT OF NET ASSETS  
 COMPONENT UNITS  
 June 30, 2012

	Teton County Library	Teton County Weed and Pest Control	Teton County Housing Authority	Jackson Hole Travel and Tourism Board	Teton County Fair Board	Total
<b>Assets:</b>						
Cash and cash equivalents	\$ 2,359,674	700,433	1,248,804	638,305	-	4,947,216
Restricted cash and cash equivalents	-	115,475	-	-	-	115,475
Investments	1,839,066	-	-	-	-	1,839,066
Accounts receivable	-	16,313	66,439	-	-	82,752
Taxes receivable	3,509,572	10,198	-	-	-	3,519,770
Due from other governments	4,138	-	-	339,575	-	343,713
Prepaid expenses	16,250	-	4,004	340	-	20,594
Inventory	240	185,700	-	-	-	185,940
Notes receivable	-	-	500,000	-	-	500,000
Capital assets	8,650,680	5,488,851	14,307,251	-	-	28,446,782
Accumulated depreciation	(321,131)	(836,708)	(165,089)	-	-	(1,322,928)
<b>Total assets</b>	<b>\$ 16,058,489</b>	<b>5,680,262</b>	<b>15,961,409</b>	<b>978,220</b>	<b>-</b>	<b>38,678,380</b>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,992,061	52,599	120,254	111,456	-	2,276,370
Deferred revenue	2,746,000	-	-	-	-	2,746,000
<b>Long-term liabilities:</b>						
Due within one year	95,000	116,665	7,501	-	-	219,166
Due in more than one year	-	2,456,974	-	-	-	2,456,974
<b>Total liabilities</b>	<b>4,833,061</b>	<b>2,626,238</b>	<b>127,755</b>	<b>111,456</b>	<b>-</b>	<b>7,698,510</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	8,329,549	2,123,408	14,142,162	-	-	24,595,119
Restricted for debt service	-	115,475	-	-	-	115,475
Restricted for permanent endowment - non expendable	1,844,614	-	-	-	-	1,844,614
Unrestricted	1,051,265	815,141	1,691,492	866,764	-	4,424,662
<b>Total net assets</b>	<b>\$ 11,225,428</b>	<b>3,054,024</b>	<b>15,833,654</b>	<b>866,764</b>	<b>-</b>	<b>30,979,870</b>

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
Year Ended June 30, 2012

	<u>Teton County Library</u>	<u>Teton County Weed and Pest Control</u>	<u>Teton County Housing Authority</u>	<u>Jackson Hole Travel and Tourism Board</u>	<u>Teton County Fair Board</u>	<u>Total</u>
Expenses	\$ 3,323,263	1,692,320	678,429	1,757,520	-	7,451,532
Program revenues:						
Charges for services	47,990	596,836	278,534	-	-	923,360
Operating grants and contributions	834,698	152,099	-	-	-	986,797
Capital grants and contributions	-	-	182,027	-	-	182,027
Total program revenues	882,688	748,935	460,561	-	-	2,092,184
Net expenses	(2,440,575)	(943,385)	(217,868)	(1,757,520)	-	(5,359,348)
General revenues:						
Sales and use taxes	4,040,242	-	-	2,467,795	-	6,508,037
Property taxes	2,677,541	875,538	-	-	-	3,553,079
County appropriations	-	-	768,600	-	-	768,600
Investment income (loss)	(92,535)	5,144	2,052	2,800	-	(82,539)
Gain (loss) on disposal of assets	(8,578)	11,400	(326,563)	-	-	(323,741)
Miscellaneous	217	18,433	-	-	-	18,650
Special item - contribution to primary government	-	-	-	-	(3,783,529)	(3,783,529)
Total general revenues	6,616,887	910,515	444,089	2,470,595	(3,783,529)	6,658,557
Change in net assets	4,176,312	(32,870)	226,221	713,075	(3,783,529)	1,299,209
Net assets – beginning	7,049,116	3,086,894	15,607,433	153,689	3,783,529	29,680,661
Net assets – ending	\$ 11,225,428	3,054,024	15,833,654	866,764	-	30,979,870

The accompanying notes are an integral part of these financial statements.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

Teton County, Wyoming (the County), operates as an incorporated governmental entity within the State of Wyoming. The County is a municipal corporation governed by five elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge operation and maintenance, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. As required by generally accepted accounting principles, these financial statements present the County and its component units.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

**Financial Reporting Entity**

In determining the financial reporting entity, the County (primary government) complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended. This standard requires the County to evaluate whether separate legal entities are controlled by or dependent on the County. The evaluation of control or dependence is based on several factors including the appointment of the respective governing board, ability of the County to impose its will on the separate legal entity and whether a financial benefit or burden relationship exists.

Blended component units, although legally separate entities, are in substance part of the County's operations and data from those units is combined with data of the primary government. Discretely presented component units, conversely, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. All of the County's blended component units and discretely presented component units have a June 30 fiscal year-end.

*Blended Component Units*

**The Jackson / Teton County Public Facilities Joint Powers Board** (the Joint Powers Board) serves all citizens of the County and is governed by a board comprised of three County Commissioners and three members appointed by the Town of Jackson. The Joint Powers Board was established to provide an efficient, orderly and economically feasible method of jointly financing the acquisition, construction, and renovation of various projects, all of which will enhance the general civic welfare of the County and Town and their residents and will be of service to and be for the benefit of the County and Town and their residents. To date, the only involvement of the Town of Jackson has been to establish the Joint Powers Board.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Consequently, the Joint Powers Board financial activity is reported in the debt service fund of the County because it has been determined to be fiscally dependent on the County. The Joint Powers Board had no activity during the year ended June 30, 2012.

**The Teton County Building Corporation** (the TCBC) is a separate legal entity established in accordance with the laws of the State of Wyoming. The purpose of the TCBC is to issue debt, construct assets, and lease those assets to the County. Under the provisions of GASB Statement 14, leases between the TCBC and the primary government are consolidated resulting in the governmental activities of the primary government reporting the TCBC issued debt along with the associated leased assets as its own. The board of the TCBC consists of three members. The County appointed the original three members. The TCBC is presented as a proprietary fund of the County. The TCBC issues separately audited financial statements that can be obtained from the County.

*Discretely Presented Component Units*

**The Teton County Weed and Pest Control District** (the 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 as the Board of Commissioners approves the District's budget and tax levy. The District is presented as a governmental fund type. Included in the Weed and Pest Control District is Weed Management, Inc., a separate legal non-profit entity. Weed Management, Inc. was established in accordance with the laws of the State of Wyoming and its purpose is to issue debt, construct capital assets, and lease those assets to the District. Weed Management, Inc. was determined to be a component unit of the District in accordance with GASB Statement 39. The District issues separately audited financial statements that can be obtained by writing to PO Box 1852, Jackson, WY 83001.

**The Teton County Library Board** (the Library Board) maintains and manages the operations of the County Library system. The Library Board is fiscally dependent upon the County because the Board of Commissioners approves the Library Board's budget, levies taxes on behalf of the Library Board and must approve any debt issuance. The Library Board's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Library is presented as a governmental fund type. Included in the Library Board is the Teton County Library Foundation (the Foundation) which is a separate legal non-profit entity. The Foundation's purpose is to raise funds for the Library Board. The Foundation was determined to be a component unit of the Library Board in accordance with GASB Statement 39. The Library Board does not issue separate financial statements.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

**The Teton County Housing Authority** (the Housing Authority) has been established to operate housing projects and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of various housing related projects within the County. Five board members, appointed by the County Commissioners, govern the Housing Authority. The Housing Authority is fiscally dependent on the County as the Board of Commissioners approves the Housing Authority's budget and the County imposes and collects fees for affordable housing purposes and must approve all new housing projects. The Housing Authority does not issue separate financial statements.

**Jackson Hole Travel and Tourism Joint Powers Board** (the Tourism Board) has been established to facilitate County-wide tourism promotion efforts. Seven board members, jointly appointed by the County Commissioners and the Jackson Town Council, govern the Tourism Board, with the Town and County holding joint approval authority over the Board's budget. The Tourism Board is fiscally dependent on the County as the County approves the Tourism Board's budget and imposes and collects the lodging sales taxes which are the primary revenue source of the Tourism Board. The Tourism Board does not issue separate financial statements.

**Teton County Fair Board** (the Fair Board) was created to maintain and manage the operations of the County Fair and conduct agricultural, industrial and other fairs and exhibitions within the County. The Fair Board is fiscally dependent upon the County because the Board of Commissioners approves the Fair Board's budget, levies taxes on behalf of the Fair Board and must approve any debt issuances. The Fair Board's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Fair Board is presented as a governmental fund type. The Fair Board does not issue separate financial statements. During 2012, the operations of the County Fair and all assets and liabilities of the Fair Board were transferred to the County. See further information about this transaction in Note 15.

*Jointly Governed Organizations*

**The Jackson Hole Airport Board** (the Airport Board) was created by the Town of Jackson and the County. The Airport Board was created to establish and operate an airport facility to serve the Town of Jackson and unincorporated areas of the County. Five board members are jointly appointed by the County Commissioners and the Jackson Town Council and Mayor. The Town Council and the County Commissioners jointly approve the budget of the Airport Board. Although neither the Town of Jackson nor the County has any obligation to fund the Airport Board, they may fund any sum of money as determined in their individual budget processes. Audited financial statements can be obtained from the Airport Board by writing to P.O. Box 3594, Jackson, WY 83001.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

The **Five County Board** joint powers agreement was created to maintain, develop, and enhance the computer software programs used by Teton County, Big Horn County, Hot Springs County, Sublette County and Uinta County (the participating counties). The board consists of 15 members, which include the elected County Clerk, County Treasurer and County Assessor from each of the participating counties. Operations are financed by appropriations from each of the participating counties. The Five County Board does not issue separate financial statements but does provide each of the participating counties with internally generated financial statements.

**Basic Financial Statements - Government-Wide Statements**

The County's basic financial statements include both government-wide financial statements (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's general administration, community development, health and human services, infrastructure, justice, parks and recreation and public safety services are classified as governmental activities. The County's solid waste and recycling services as well as the operations of the Teton County Building Corporation are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (parks and recreation, public safety, etc.). The functions are also supported by general revenues (property taxes, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions and capital grants and contributions.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

**Basic Financial Statements – Fund Statements**

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements.

The following fund types are used by the County:

*Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on net income. The following is a description of the governmental funds of the County:

- The **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for and report the proceeds of revenue sources that are restricted or committed to expenditures for specified purposes.
- **Capital Projects Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- **Debt Service Funds** are used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the government.

The County's major governmental funds consist of the General Fund (see description above), Parks and Recreation Fund, Grants Fund, and Capital Projects Fund.

The Parks and Recreation Fund is a special revenue fund established to account for the operations and maintenance of the County recreation center and parks. The operations of the Parks and Recreation Fund are jointly funded by appropriation from the Town of Jackson and the County.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

The Grants Fund is a special revenue fund established to account for the activities associated with grant funded operations and capital projects.

The Capital Projects Fund is established to account for the resources restricted, committed, or assigned to expenditure for general government capital outlays excluding those capital projects which are funded by voter-approved allocations of the Special Purpose Excise Tax (SPET).

The County's non-major special revenue funds consist of funds that collect fees and taxes restricted for public safety (Special Fire, Fire / EMS, and Enhanced 911 Funds), public road construction, maintenance and repair (Roads Fund), promotion of housing (Housing Authority Fund), county fair promotion and fairground maintenance (County Fair Fund), and tourism promotion and visitor impact services (Lodging Tax Fund).

The County's non-major capital projects funds consist of funds that receive SPET revenues to be expended on voter-approved capital projects. These are titled by the County as Specific Tax Funds, with each voter-approved project being accounted for in a separate fund.

The County's non-major debt service fund is used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the County, other than debt service payments facilitated through the TCBC. Currently, the debt service fund holds no assets or liabilities and has no activities.

*Proprietary Funds:*

The focus on proprietary fund measurement is on determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The County's two proprietary funds include the Integrated Solid Waste and Recycling Fund (ISWR Fund) and the TCBC. The ISWR Fund accounts for the County-wide solid waste disposal and recycling operations and the TCBC accounts for its operations as described in the blended component units section above.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

*Fiduciary Funds* (not included in the Government-wide statements):

The County's fiduciary funds consist of one agency fund. Agency funds account for assets held in a purely custodial capacity. Because agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The County has one agency fund; the Treasurer's Tax Fund. This fund is used to receive and distribute taxes and fees collected on behalf of other funds of the County and on behalf of other governmental units.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The following provides a summary of the bases of accounting used by the County:

*Accrual*

The governmental activities and the business-type activities in the government-wide financial statements, the proprietary fund financial statements, and the fiduciary funds financial statements are presented on the accrual basis of accounting. 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.

*Modified Accrual*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

**Financial Statement Amounts**

*Pooled Cash and Cash Equivalents*

Wherever possible, the County's cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund's equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

*Cash and Cash Equivalents*

For the purposes of the Statement of Net Assets, the term cash and cash equivalents includes all demand deposits, savings accounts, certificates of deposit or other short-term, highly liquid investments.

*Investments*

Investments are reported at fair value. Wyoming statute allows the County to invest in U.S. and state and local government securities and accounts of any bank and savings associations, which are federally insured. Stocks and bonds of private corporations as well as reverse repurchase agreements are prohibited investments for the County. All investments made during the year were made within these statutory limits.

*Receivables and Due from Other Governments*

Receivables consist of revenues earned as of year-end but received after year-end. All receivable balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends.

Due from other governments consists of amounts due to the County at year-end but remitted after year-end. The balance consists primarily of sales tax and other taxes due from the State of Wyoming, payments in lieu of taxes due from the United States government and reimbursements for grant expenditures due from the State of Wyoming, the United States government, or other granting agencies.

*Inventory*

Inventory is valued at cost using the first-in, first-out method (FIFO). In the governmental fund financial statements, expenditures are recorded as inventory is used (consumption method).

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

*Capital Assets*

Capital assets include land, buildings, improvements, infrastructure, equipment and vehicles. Capital assets are reported in the government-wide financial statements and the proprietary fund financial statements. The County defines capital assets as those assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 2 years. All capital assets are valued at cost or estimated cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	7 to 30
Infrastructure	8 to 60
Equipment and vehicles	3 to 25

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

*Deferred Revenues*

In the government-wide financial statements and the proprietary fund financial statements, deferred revenue is recognized when cash or other assets are received or recognized prior to being earned. In the governmental fund financial statements, deferred revenue is recorded when revenue is either unearned or unavailable.

Property tax revenues are not recognized prior to the period which they are intended to finance, even if an enforceable lien is in place prior to the beginning of the intended period. Thus, property taxes received or receivable as of year-end, which are intended to finance the following fiscal year, are deferred in both the government-wide financial statements and fund financial statements.

*Long-term Liabilities*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, when material, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Issuance costs are reported as expenditures whether or not they are withheld from the actual debt proceeds received. Debt principal and interest payments are reported as expenditures in the period the payments are due.

*Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates for all full-time permanent employees dependent upon years of service. Accumulated vacation leave is payable to the employee upon leaving employment of the County for any reason. An estimated liability for vacation leave is reported in the government-wide financial statements and the proprietary fund financial statements and the expense is allocated by function based on where the employee is assigned. No liability is reported for unpaid accumulated sick leave since sick leave credits are not paid to an employee upon termination of employment.

In the governmental fund financial statements, no liability is reported for compensated absences. The expenditure is reported when vacation time is taken or the liquidated vacation balance is payable to the employee upon termination of employment. For governmental activities, compensated absences are generally liquidated by the General Fund.

*Interfund Balances and Transactions*

Interfund payables and receivables within governmental activities or within business-type activities are eliminated from the government-wide Statement of Net Assets. Interfund payables and receivables between the governmental funds and the Treasurer's Tax Agency Fund have been reclassified in the government-wide Statement of Net Assets in accordance with the requirements of GASB Statement No. 34.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds or between proprietary funds are eliminated. In the governmental fund financial statements, transfers are reported as other financing sources or uses.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

*Equity Classifications*

Equity in the government-wide financial statements and proprietary fund financial statements is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction or improvement of these assets.
- Restricted net assets - Consists of net assets with constraints placed on their use, whether by 1) external groups such as creditors, grantors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Balance Classifications*

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified prepaid expenses as nonspendable.

*Restricted* - This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners. These amounts cannot be used for any purpose unless the County Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Commissioners. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

*Unassigned* - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

*Revenues*

Property tax, sales tax, fees, licenses, fees-in-lieu of taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the fiscal period they are intended to finance. All other revenue items are considered to be measurable and available only when the County receives cash. Grants are usually reimbursable grants and are thus recognized as revenue at the time the reimbursable expenditures are made.

*Expenses/Expenditures*

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the County's general policy to use restricted resources first. When an expense/expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed. For proprietary fund financial statements, operating expenses are those that result from providing services to customers.

*Accounting Estimates*

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

**Property Tax Calendar**

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1 and are payable in two installments on September 1 and March 1. The County bills and collects its own property taxes as well as property taxes for all municipalities and other political subdivisions within the County. Collections and remittances of these taxes for other taxing entities are accounted for in the Treasurer's Tax Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables which means collected within the current period or expected to be collected within 60 days after the period end to be used to pay liabilities of the current period. Additional amounts levied but not expected to be collected within 60 days after period end are recorded as receivables, but the associated revenue is deferred.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments

*Governmental activities:*

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 18,918,498	-	-	18,918,498
WYO-STAR	-	2,070,096	-	2,070,096
Government bonds	-	2,000,000	-	2,000,000
Certificates of deposit	6,078,397	-	-	6,078,397
Total pooled cash and cash equivalents	24,996,895	4,070,096	-	29,066,991
Cash and cash equivalents:				
Cash-on-hand	-	-	3,500	3,500
Demand deposits	235,499	-	-	235,499
WYO-STAR	-	406,885	-	406,885
Certificates of deposit	1,000	-	-	1,000
Total cash and cash equivalents	236,499	406,885	3,500	646,884
Total governmental activities	\$ 25,233,394	4,476,981	3,500	29,713,875

*Business-type activities:*

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 703,823	-	-	703,823
Total pooled cash and cash equivalents	703,823	-	-	703,823
Cash and cash equivalents:				
Demand deposits	400,960	-	-	400,960
Total cash and cash equivalents	400,960	-	-	400,960
Investments:				
Government bonds	-	496,723	-	496,723
Total investments	-	496,723	-	496,723
Total business-type activities	\$ 1,104,783	496,723	-	1,601,506

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments (continued)

*Fiduciary funds:*

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 2,652,639	-	-	2,652,639
Total pooled cash and cash equivalents	<u>2,652,639</u>	<u>-</u>	<u>-</u>	<u>2,652,639</u>
Cash and cash equivalents:				
Demand deposits	4,469	-	-	4,469
Certificates of deposit	2,495,939	-	-	2,495,939
Total cash and cash equivalents	<u>2,500,408</u>	<u>-</u>	<u>-</u>	<u>2,500,408</u>
Total fiduciary funds	<u>\$ 5,153,047</u>	<u>-</u>	<u>-</u>	<u>5,153,047</u>

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). The County has adopted a "Statement of Investment Policy" which specifies the County's policies regarding the investment of County financial assets. The County's adopted policy refers to State laws and indicates the County will comply with State law.

*Deposits*

State law specifies the types of financial institutions in which the County can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2012, all deposits of the County were fully collateralized or insured.

*Investments*

Wyoming statutes (W.S. 9-4-831) specifically identify the types of investments that may be held by the County and the conditions for making investment transactions. Accordingly, the County may invest in United States Treasury bills, notes, or bonds or any other obligation issued by the United States Treasury or guaranteed by the United States; bonds, notes, debentures or any other obligation or securities issued by or guaranteed by any federal government agency or instrumentality; repurchase agreements involving securities which are authorized investments that have been previously mentioned and subject to certain limitations, mortgage backed securities that are obligations of or guaranteed or insured issuances of the United States, its agencies, instrumentalities or organizations created by an act of congress excluding those defined as high risk; bankers acceptances eligible for purchase by the federal reserve system; guaranteed investment contracts if issued by a United States commercial bank or insurance company whose

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments (continued)

credit rating is of the highest category; a commingled fund of eligible securities if the securities are held through a trust department of a bank authorized to do business in the State of Wyoming or through a trust company authorized to do business in the State of Wyoming with total capital of at least \$10,000,000; bonds of the Wyoming Natural Gas Pipeline Authority and the Wyoming Infrastructure Authority; commercial paper of corporations organized and existing under the laws of any state of the United States with a maturity of not more than 270 days and rated by Moody's as P-1 or by Standard and Poor's as A-1 or equivalent ratings indicating that the commercial paper issued by a corporation is of the highest quality rating; and a diversified money market fund in which the County does not own more than 10% of the net assets of the funds and subject to several other limitations. The County may also enter into contracts which are determined to be necessary or appropriate to hedge risk or to place the obligation of the bonds, in whole or in part, on the interest rate, cash flow or other basis but the contracts may not be for investment purposes.

The County has investments in WYO-STAR, a government investment pool operated by the State of Wyoming Treasurer's Office. WYO-STAR is available for investments of funds administered by any local government entity within the State of Wyoming. WYO-STAR is not registered with the SEC as an investment company. WYO-STAR is authorized and regulated by the laws of the State of Wyoming. Deposits in WYO-STAR are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WYO-STAR operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of WYO-STAR are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WYO-STAR investment pool is approximately equal to the value of the pooled shares.

At June 30, 2012, the County had investments in US treasury bonds as well as Federal Farm Credit Bank bonds. The County uses the specific identification method to assess interest rate risk.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
<i>Governmental activities:</i>					
Government bonds \$	2,000,000	-	2,000,000	-	-
WYO-STAR	2,476,981	2,476,981	-	-	-
<b>Total</b>	<b>\$ 4,476,981</b>	<b>2,476,981</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>
<i>Business-type activities:</i>					
Government bonds	496,723	-	-	496,723	-
<b>Total</b>	<b>\$ 9,450,685</b>	<b>4,953,962</b>	<b>4,000,000</b>	<b>496,723</b>	<b>-</b>

*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 policy for managing its exposure to fair value loss arising from increasing interest rates is to match the maturities of investments with anticipated cash flows.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for managing its exposure to credit risk is limited as all investments are supported by US Government issued or insured securities. The County's investments subject to credit risk consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rate</u>	<u>Rating</u>
<i>Governmental activities:</i>				
WYO-STAR	2,476,981	Variable	Variable	Unrated
FNMA Bonds	500,000	8/22/2016	0.50%	AAA
FNMA Bonds	500,000	1/30/2017	0.50%	AAA
FHLMC Bonds	500,000	1/30/2017	0.50%	AAA
FHLMC Bonds	500,000	2/15/2017	0.50%	AAA
<i>Business-type activities:</i>				
FHLMC Bonds	\$ 496,723	11/23/2018	2.00%	AAA

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments (continued)

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's policy for reducing this risk is to comply with State law.

*Custodial Credit Risk*

For an investment, custodial credit risk 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 the possession of an outside party. The County's policy for custodial risk is that all securities purchased by the County shall be properly designated as assets of the County and held in safekeeping by a third party custodial bank or third party custodial institution chartered by the United States Government or the State of Wyoming and no withdrawal of such securities shall be made from the safekeeping except by the County's Treasurer or Deputy Treasurer. All securities transactions, including collateral for repurchase agreements, entered into by the County shall be conducted on a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the County Treasurer and evidenced by safekeeping receipts. All investments are held in the name of the County by the investment broker.

*Component units:*

The component units' deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Cash and cash equivalents:				
Cash-on-hand	\$ -	-	218	218
Demand deposits	4,820,715	-	-	4,820,715
Certificates of deposit	126,283	-	-	126,283
Total cash and cash equivalents	<u>4,946,998</u>	<u>-</u>	<u>218</u>	<u>4,947,216</u>
Restricted cash and cash equivalents:				
Demand deposits	115,475	-	-	115,475
Total restricted cash and cash equivalents	<u>115,475</u>	<u>-</u>	<u>-</u>	<u>115,475</u>
Investments:				
Endowment investment pool	-	1,839,066	-	1,839,066
Total investments	<u>-</u>	<u>1,839,066</u>	<u>-</u>	<u>1,839,066</u>
Total component units	<u>\$ 5,062,473</u>	<u>1,839,066</u>	<u>218</u>	<u>6,901,757</u>

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 2 - Deposits and Investments (continued)

*Deposits*

State law specifies the types of financial institutions in which the component units can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2012, all deposits of component units were fully collateralized or insured.

*Investments*

Component units manage their investment risk as follows:

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units have no formal policies other than to follow the Wyoming State statutes, as previously discussed.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policies for reducing exposure to credit risk are to comply with the Wyoming State statutes. At June 30, 2012, all investments held by the component units are in an investment pool administered by the Community Foundation of Jackson Hole (a non-profit organization) which is not rated.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The component units' policy for reducing this risk is to comply with Wyoming State statutes.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the component units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The component units have no formal policies with respect to custodial credit risk. As of June 30, 2012, all of the component units' investments were in an investment pool administered by the Community Foundation of Jackson Hole.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3 - Capital Assets

*Governmental activities:*

Changes to capital assets are as follows:

	Balance 6/30/11	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/12
Capital assets not being depreciated:					
Land	\$ 8,014,527	-	-	-	8,014,527
Rights of way	280,440	-	-	-	280,440
Construction in progress	4,724,862	3,336,081	-	(6,757,624)	1,303,319
Total capital assets not being depreciated	13,019,829	3,336,081	-	(6,757,624)	9,598,286
Capital assets being depreciated:					
Buildings and improvements	36,840,683	4,780,903	-	1,207,190	42,828,776
Infrastructure	39,607,605	302,444	-	4,827,470	44,737,519
Equipment and vehicles	11,789,994	1,481,637	(701,459)	722,964	13,293,136
Total capital assets being depreciated	88,238,282	6,564,984	(701,459)	6,757,624	100,859,431
Accumulated depreciation:					
Buildings and improvements	(14,774,381)	(2,373,914)	-	-	(17,148,295)
Infrastructure	(20,199,251)	(1,399,701)	-	-	(21,598,952)
Equipment and vehicles	(6,646,175)	(1,001,235)	671,251	-	(6,976,159)
Total accumulated depreciation	(41,619,807)	(4,774,850)	671,251	-	(45,723,406)
Total capital assets being depreciated, net	46,618,475	1,790,134	(30,208)	6,757,624	55,136,025
Total capital assets, net	\$ 59,638,304	5,126,215	(30,208)	-	64,734,311

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3 - Capital Assets (continued)

Depreciation expense was charged to functions of the County as follows:

Infrastructure	\$ 2,441,563
Public safety	692,634
Community development	277,518
Parks and recreation	217,184
Administration	75,929
Health and human services	13,864
Justice	<u>4,583</u>
 Total depreciation expense	 <u>\$ 3,723,275</u>

Additions of capital assets in fiscal year 2012 include \$4,516,090 in capital assets transferred from the Teton County Fair Board (a component unit) with an associated increase in accumulated depreciation of \$1,051,575. See Note 15 for additional disclosures regarding the County's assumption of the Fair Board's operations, assets and liabilities.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3 - Capital Assets (continued)

*Business-type activities:*

Changes to capital assets are as follows:

	Balance 6/30/11	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/12
Capital assets not being depreciated:					
Land	\$ 126,320	-	-	-	126,320
Total capital assets not being depreciated	126,320	-	-	-	126,320
Capital assets being depreciated:					
Buildings and improvements	1,018,911	-	-	-	1,018,911
Equipment and vehicles	724,369	71,635	(50,597)	-	745,407
Total capital assets being depreciated	1,743,280	71,635	(50,597)	-	1,764,318
Accumulated depreciation:					
Buildings and improvements	(130,612)	(78,506)	-	-	(209,118)
Equipment and vehicles	(167,674)	(108,582)	50,597	-	(225,659)
Total accumulated depreciation	(298,286)	(187,088)	50,597	-	(434,777)
Total capital assets being depreciated, net	1,444,994	(115,453)	-	-	1,329,541
Total capital assets, net	\$ 1,571,314	(115,453)	-	-	1,455,861

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3 - Capital Assets (continued)

*Component Units:*

Changes to capital assets are as follows:

	Balance 6/30/11	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/12
<u>County Library</u>					
Construction in progress	\$ 840,976	6,901,203	-	-	7,742,179
Buildings and improvements	649,138	-	-	-	649,138
Equipment	243,566	62,771	(46,974)	-	259,363
Accumulated depreciation	(298,294)	(50,033)	27,196	-	(321,131)
Capital assets, net	<u>\$ 1,435,386</u>	<u>6,913,941</u>	<u>(19,778)</u>	<u>-</u>	<u>8,329,549</u>
<u>Weed and Pest</u>					
Land	\$ 702,409	-	-	-	702,409
Buildings and improvements	4,312,532	-	-	-	4,312,532
Equipment	415,624	64,790	(6,504)	-	473,910
Accumulated depreciation	(630,048)	(213,164)	6,504	-	(836,708)
Capital assets, net	<u>\$ 4,800,517</u>	<u>(148,374)</u>	<u>-</u>	<u>-</u>	<u>4,652,143</u>
<u>Housing Authority</u>					
Land	\$ 13,077,436	3,628,297	(4,149,408)	-	12,556,325
Construction in progress	465,185	-	-	(465,185)	-
Buildings and improvements	1,233,160	1,396,201	(1,348,816)	465,185	1,745,730
Equipment	5,196	-	-	-	5,196
Accumulated depreciation	(134,221)	(30,868)	-	-	(165,089)
Capital assets, net	<u>\$ 14,646,756</u>	<u>4,993,630</u>	<u>(5,498,224)</u>	<u>-</u>	<u>14,142,162</u>
<u>County Fair</u>					
Buildings and improvements	\$ 4,395,556	-	(4,395,556)	-	-
Equipment	120,534	-	(120,534)	-	-
Accumulated depreciation	(1,051,575)	-	1,051,575	-	-
Capital assets, net	<u>\$ 3,464,515</u>	<u>-</u>	<u>(3,464,515)</u>	<u>-</u>	<u>-</u>

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3 - Capital Assets (continued)

Depreciation expense was charged to the component units as follows:

Weed and Pest	\$ 213,164
County Fair	-
County Library	50,033
Housing Authority	<u>30,868</u>
Total depreciation expense	<u>\$ 294,065</u>

Note 4 – Accounts Payable and Accrued Liabilities

The County's accounts payable and accrued liabilities consist of the following:

*Governmental activities:*

Payables to vendors	\$ 427,225
Payables to contractors	133,782
Self-insured health insurance liabilities	366,000
Due to other governments	117,245
Accrued interest payable	<u>57,304</u>
Total accounts payable and accrued liabilities	<u>\$ 1,101,556</u>

*Business-type activities:*

Payables to vendors	<u>\$ 79,230</u>
Total accounts payable and accrued liabilities	<u>\$ 79,230</u>

The County's general fund operates a self-insured employee health and dental benefit plan. The plan provides health benefits to eligible employees and their dependents which include employees of the primary government and component units. The County has entered into reinsurance contracts (stop-loss) for this plan at \$40,000/individual. At June 30, 2012, the plan had incurred claims payable and estimated claims incurred but not reported (IBNR) of \$366,000.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 4 – Accounts Payable and Accrued Liabilities (continued)

For the year ended June 30, 2012, changes to aggregate claims liabilities are as follows:

Claims Liabilities 6/30/11	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/12
\$ 327,000	3,329,000	(3,290,000)	366,000

For the year ended June 30, 2011, changes to aggregate claims liabilities were as follows:

Claims Liabilities 6/30/10	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/11
\$ 479,000	2,453,000	(2,605,000)	327,000

*Component units:*

The component units' accounts payable and accrued liabilities consist of the following:

Payables to contractors	\$ 1,997,182
Payables to vendors	170,252
Payroll related liabilities	52,632
Accrued interest payable	48,204
Security deposits	8,100
 Total accounts payable and accrued liabilities	 \$ 2,276,370

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 5 – Funds Held in Trust

The County's funds held in trust consist of the following:

Funds held for Snake River Sporting Club development	\$ 293,478
Funds held by Planning and Development department	2,196,857
Bonds held by County Clerk of District Court	49,830
Funds held by County Sherriff for jail inmates	<u>12,396</u>
 Total funds held in trust	 \$ <u><u>2,552,561</u></u>

Note 6 - Long-Term Liabilities

*Governmental activities:*

The County is current on all debt payments and is in compliance with the significant terms of all debt agreements. Changes to long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 5,325,000	4,995,000	(5,325,000)	4,995,000	485,000
Notes payable	2,274,011	-	(207,613)	2,066,398	224,454
Compensated absences	728,394	375,000	(363,660)	739,734	320,000
Capital leases	2,500	-	(2,500)	-	-
Landfill closure liability	2,000,000	10,700,000	-	12,700,000	360,000
 Total long-term liabilities	 \$ <u><u>10,329,905</u></u>	 <u><u>16,070,000</u></u>	 <u><u>(5,898,773)</u></u>	 <u><u>20,501,132</u></u>	 <u><u>1,389,454</u></u>

Bonds payable consist of the following:

\$4,995,000 Teton County Building Corporation  
Revenue Bonds dated October 2011. Payable in semi-  
annual installments ranging from \$185,000 to  
\$1,425,000 plus interest ranging from 0.75% to  
2.40%, maturing July 2018.

\$ 4,995,000

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

In October 2011, the County, as facilitated through the Teton County Building Corporation (Building Corporation), refinanced the revenue bonds issued in 2003 with \$4,995,000 of revenue refunding bonds. The bond proceeds of the Series 2011 Bonds were applied towards refinancing the Series 2003 bonds. The bonds are secured by the assets leased to the County by the Building Corporation, and repayments of the bonds will be made through the lease payments made by the County to the Building Corporation. The difference in cash flow between the remaining cash requirements of the 2003 bonds and the 2011 bonds is approximately \$306,000. The economic gain on the refunding is approximately \$232,000.

The individual 2003 bonds were subject to call, under specified conditions, at a 1% premium for a one-year period between 2011 and 2012. The bonds were called and a premium of \$53,250 was paid. The Series 2011 Bonds may be called on July 1, 2017 or on any date thereafter at par plus accrued interest through the date of redemption. Any unamortized bond issuance costs related to the refunded bonds and bond call costs are deferred and amortized over the life of the original or refunded bonds, whichever is shorter.

Debt service requirements for bonds payable are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 485,000	98,979	583,979
2014	560,000	80,023	640,023
2015	600,000	73,800	673,800
2016	625,000	65,794	690,794
2017	625,000	56,044	681,044
2018	<u>2,100,000</u>	<u>61,487</u>	<u>2,161,487</u>
Total	<u>\$ 4,995,000</u>	<u>436,127</u>	<u>5,431,127</u>

All of the Building Corporation's lease revenues are pledged as the repayment source for the bonds. The original bonds were issued for the purpose of financing the construction of multiple County buildings. Principal and interest on these bonds during 2012 amounted to approximately \$526,000 or 78% of the pledged revenue source.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

Notes payable consist of the following:

\$1,500,000 loan from the Wyoming Business Council with interest at 1% due in annual installments of approximately \$159,000, matures December 2020. The loan was obtained for the construction of a parking lot and restrooms at Teton Village. \$ 1,370,251

\$850,000 loan from the Wyoming State Loan and Investment Board with interest at 2.5% due in annual installments of approximately \$97,000, matures September 2019. The loan was obtained to finance the construction of the Rafter J water and sewer project. 696,147

\$ 2,066,398

Debt service requirements for notes payable are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 224,454	30,868	255,322
2014	227,868	27,454	255,322
2015	231,345	23,977	255,322
2016	234,886	20,436	255,322
2017	238,494	16,828	255,322
2018-2022	<u>909,351</u>	<u>29,883</u>	<u>939,234</u>
Total	<u>\$ 2,066,398</u>	<u>149,446</u>	<u>2,215,844</u>

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

Landfill Post-closure Liability

In previous years, the County operated a landfill. This landfill was closed and replaced with a solid waste transfer station where waste is consolidated into high-volume vehicles and transported to a landfill in a neighboring county. State and federal laws and regulations require that the County place and maintain a final cover on its closed landfill and perform ongoing maintenance and monitoring functions at the landfill site for 30 years after closure. The general fund records the operating expenses related to these landfill closure and post-closure maintenance and monitoring activities. In the statement of net assets, a liability is recorded based on the estimated future closure and post-closure costs that will be incurred under the current maintenance and monitoring requirements as established by the state and federal governments. Expense or gain is recorded based on changes in the estimated future closure, maintenance and monitoring liability.

As of the beginning of fiscal year 2010, the County's estimate of future post closure care costs was zero, based on the expectation that no future remediation costs and little or no remaining monitoring and maintenance costs would be incurred.

During fiscal year 2010, the State of Wyoming Department of Environmental Quality communicated to the County that additional landfill site remediation activities will be required based on the results returned from landfill site monitoring activities. The County established a preliminary landfill site remediation plan and recorded a liability of \$2,000,000 as an estimate of the costs associated with this remediation as well as all future remaining monitoring and maintenance costs.

During fiscal year 2012, based upon further collaboration with the Wyoming Department of Environmental Quality (DEQ) it was determined that expanded closure activities would be required to ensure that compliance with ground water quality standards are achieved. Due to the enlarged scope of the project based on the new information and mandate from the DEQ, the County revised its estimate of future landfill post-closure costs to \$12,700,000.

The actual cost of post-closure care may differ due to unexpected increases in the rate of inflation, changes in technology, or future changes in maintenance and monitoring laws and regulations. The estimate of post-closure care may also change to accommodate additional remediation activities that may be required based on the results of ongoing landfill site monitoring.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

Conduit debt:

The County has arranged conduit financing for a variety of projects within the County. These debt instruments are not obligations of the County. As such, no liability has been reported in the statement of net assets. Conduit debt consists of the following:

\$4,308,743 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due April 2025. The loan was obtained to finance the construction of the Wilson sewer project.	\$ 3,033,450
\$2,853,676 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due December 2022. The loan was obtained to finance the expansion of the Teton Village Water and Sewer District wastewater treatment plant.	1,741,492
\$1,600,000 Development Revenue Bonds Series 2011 with interest at 4.03%, due August 2031. The bonds were issued to finance the construction of a building for Community Entry Services, Inc.	1,572,250
\$2,000,000 Development Revenue Bonds Series 2010 with interest at 2.92%, due November 2027. The bonds were issued to finance the construction of the Jackson Hole Community Counseling Center.	1,520,423
\$724,035 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due June 2022. The loan was obtained to finance the construction of a storm water collection and treatment facility within the Teton Village Improvement and Service District	422,918
\$168,792 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due January 2026. The Loan was obtained to finance the construction of Phase II of the Teton Village Water and Sewer District wastewater treatment plant expansion project.	<u>126,547</u>
Total conduit debt	\$ <u><u>8,417,080</u></u>

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

*Business type activities:*

Changes to long-term liabilities are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 31,140	35,000	(37,217)	28,923	25,000
Total long-term liabilities	\$ 31,140	35,000	(37,217)	28,923	25,000

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

*Component units:*

Changes to long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>County Library</u>					
Compensated absences	\$ 95,000	45,000	(45,000)	95,000	95,000
Total County Library	95,000	45,000	(45,000)	95,000	95,000
<u>Weed and Pest</u>					
Notes payable	2,595,753	-	(67,018)	2,528,735	71,761
Compensated absences	46,970	-	(2,066)	44,904	44,904
Total Weed and Pest	2,642,723	-	(69,084)	2,573,639	116,665
<u>Housing Authority</u>					
Compensated absences	7,501	10,000	(10,000)	7,501	7,501
Total Housing Authority	7,501	10,000	(10,000)	7,501	7,501
<u>County Fair</u>					
Compensated absences	6,250	-	(6,250)	-	-
Total County Fair	6,250	-	(6,250)	-	-
Total long-term liabilities	\$ 2,751,474	55,000	(130,334)	2,676,140	219,166

Notes payable consist of the following:

\$3,600,000 Teton County Weed and Pest Control District note dated March 2007. Payable in semi-annual installments of \$214,500, interest at 5.65%, maturing March 2032.

\$ 2,528,735

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 6 - Long-Term Liabilities (continued)

Debt service requirements for notes payable are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 71,761	142,739	214,500
2014	75,900	138,600	214,500
2015	80,277	134,223	214,500
2016	84,907	129,593	214,500
2017	89,804	124,696	214,500
2018-2022	532,943	539,557	1,072,500
2023-2027	705,398	367,102	1,072,500
2028-2032	887,745	138,840	1,026,585
Total	<u>\$ 2,528,735</u>	<u>1,715,350</u>	<u>4,244,085</u>

Note 7 - Net Assets and Fund Equities

Net assets of governmental activities include certain amounts restricted by enabling legislation. As of June 30, 2012 net assets restricted by enabling legislation totaled \$1,409,789, all of which related to energy mitigation fees collected by the County's planning and development office.

Fund balance within the general fund includes an amount committed for operations stabilization, set aside for use in emergency situations or when revenue shortages or other budgetary imbalances occur. The County Commissioners are the body authorized to establish such stabilization amounts. Stabilization amounts are established, added to, or reduced by resolution of the County Commissioners. Stabilization amounts may be spent only upon authorization of the County Commissioners through a budgetary amendment in which expenditure appropriations are increased and the stabilization balance is decreased.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 8 – Operating Leases

The County leases office equipment under operating leases. Lease rental expenses under operating leases for the year ended June 30, 2012 was approximately \$30,000. Future minimum non-cancelable operating lease payments are approximately as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2013	17,000
2014	8,000
2015	<u>2,000</u>
	<u>\$ 27,000</u>

Note 9 - Interfund Transfers

The County made the following interfund transfers:

<u>Purpose</u>	<u>Amount</u>	<u>Transfer in</u>	<u>Transfer out</u>
Operations and capital purchases \$	307,458	General Fund	Non-Major Funds
Operations and capital purchases	1,307,922	Parks and Rec Fund	General Fund
Operations	144,995	Building Corporation	General Fund
Operations and capital purchases	1,437,387	Non-Major Funds	General Fund
Program-specific funding	369,735	General Fund	Grants Fund
Operations and capital purchases	153,300	Parks and Rec Fund	Non-Major Funds
Transfer of capital reserve	4,919,384	Capital Projects Fund	General Fund

Note 10 – Related Party Transactions

During the year, the primary government contributed exaction fee revenues, additional general appropriations, and contributions of approximately \$951,000 to the Teton County Housing Authority. The primary government also paid for contract services of approximately \$341,000 to the Teton County Weed and Pest Control District. Additionally, certain of the County's component units pay monthly premiums to the County to participate in the County's self-insured health insurance plan. During the year, the general fund received the following approximate amounts in health insurance premiums: \$395,000 from the Teton County Library, \$99,000 from the Teton County Weed and Pest Control District, and \$82,000 from the Teton County Housing Authority. The County also received a net contribution of approximately \$3,784,000 from the Teton County Fair Board, which is further described in Note 15.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 11 - Retirement Commitments

The County participates in the Wyoming Retirement System (the System), a statewide cost-sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Wyoming Retirement System, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002 or by calling 1-307-777-7691.

Substantially all County full-time employees are eligible to participate in the System. Employees qualify for a retirement allowance if they are 50 years old and have at least 4 years of service, or they may retire at any age if they have 25 years of service. The System also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and who cannot continue in the performance of his duties.

The required contribution to the Public Employees' Pension Plan (PEPP) within the System is statutorily set at 14.12% of the participant's annual covered salary. County employees participating in the PEPP are required to contribute 7.00% of their annual covered salary to the System. The County contributes the remaining 7.12% of the participant's annual covered salary.

The required contribution to the Wyoming Law Enforcement Retirement Plan (WLERP) within the System is statutorily set at 17.2%. County employees participating in the WLERP are required to contribute 8.6% of their annual covered salary to the System. The County contributes the remaining 8.6% of the participant's annual covered salary.

Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 80% of the required employees' contribution to the PEPP and 31% of the required employees' contribution to the WLERP.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 11 - Retirement Commitments (continued)

Contributions to the System for the years ended June 30, 2012, 2011, and 2010 were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<i>Primary Government</i>			
Employee contributions	\$ 880,888	793,078	695,879
Employer contributions	890,952	802,289	704,234
<i>County Library - Component Unit</i>			
Employee contributions	\$ 121,000	90,353	89,425
Employer contributions	123,074	91,949	91,192
<i>Weed and Pest - Component Unit</i>			
Employee contributions	\$ 29,356	26,151	23,715
Employer contributions	29,860	26,615	24,183
<i>County Fair - Component Unit</i>			
Employee contributions	\$ -	6,864	5,675
Employer contributions	-	6,987	5,785
<i>Housing Authority - Component Unit</i>			
Employee contributions	\$ 15,321	14,359	12,632
Employer contributions	15,584	14,613	12,881

Note 12 – Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits the deferral of a portion of the employee's salary until future years. All funds are held by the trustee of the plan.

The County's involvement is limited to withholding the amounts elected by employees and remitting those amounts to the trustee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 13 - Risk Management

The nature of the County's operations makes it susceptible to lawsuits, legal actions, and other judgments. The County is also subject to the risk of casualty and theft losses with respect to capital assets. The County mitigates its risk of material loss from these events through the purchase of liability and property insurance arranged through the Wyoming Association of Risk Management and the Wyoming Local Government Liability Pool. The County had no claim settlements over the past three years that exceeded its insurance coverage.

Note 14 – Commitments and Contingencies

*Business-type Activities:*

The Integrated Solid Waste and Recycling Fund has executed a multi-year contract for the provision of solid waste handling and transportation operations. The remaining expenditures for services to be performed as of June 30, 2012 total approximately \$3,352,000 over fiscal years 2013 through 2016. The total commitment amount is subject to adjustment for actual transport mileage incurred by the contractor.

*Component units:*

The Library Board has executed a contract for the addition / renovation work on its Jackson branch building valued at approximately \$7,600,000. Funding for the library construction work is sourced from an allocation of the special purpose excise tax. As of year-end estimated cost to complete the project is approximately \$3,700,000.

Note 15 – Special Items

During 2012, the County recorded the following transactions that have been classified as special items:

- The operations of the Teton County Fair Board were transferred to the County along with all assets, liabilities, and net assets. The County established a new special revenue fund, the County Fair Fund, to account for the operations of the Fair. The County also established a new County Fair Specific Tax Capital Projects Fund to account for the voter-approved fairgrounds improvement project paid for by an allocation of the special purpose excise tax. The effect of the transaction in the entity-wide statement of activities was a \$3,783,529 contribution from component unit. The effect of the transaction in the governmental funds statement of revenues, expenditures and changes in fund balances was a \$325,264 contribution from component unit.

TETON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 15 – Special Items (continued)

- The County had previously recognized an estimated landfill post-closure liability of \$2,000,000 based on estimates and information previously available to the County. In 2012, based upon further collaboration with the Wyoming Department of Environmental Quality (DEQ) it was determined that expanded closure activities would be required to ensure that compliance with ground water quality standards are achieved. Due to the enlarged scope of the project based on the new information and the mandate from the DEQ, the County revised its estimate of future landfill post-closure costs to \$12,700,000. Accordingly, the County has recognized a \$10,700,000 expense in the fiscal year 2012 entity-wide statement of activities to reflect this change in the estimated landfill post-closure liability.
- Over multiple prior years, the County has been in the process of renegotiating, and eventually dissolving their interlocal arrangement with Sublette County related to solid waste transfer. Within these negotiations, the County had asserted a claim to receive a refunding of certain payments made to Sublette County in prior years, though the amount of this claim was in dispute between the parties. The final dissolution of the interlocal arrangement resulted in the refunding of a portion of the payments that had been previously made to Sublette County. Upon settlement between the two parties, the County recognized the settlement as a resolution of a contingent claim, recording a gain in the entity-wide statement of activities and proprietary fund statement of revenues, expenses and changes in fund net assets in the amount of \$848,681.

Note 16 – Correction to Prior Period Financial Statements

During fiscal year 2012, the County determined that the financial statements of the Teton County Building Corporation (the “Building Corporation”; a blended component unit) are more appropriately included in the financial statements of the County as a business-type activity and as a proprietary fund, and not as a governmental activity and governmental fund as they have been classified in all prior years. In order to achieve this change, the beginning net assets of governmental activities and the beginning fund balance of governmental funds have been restated to exclude the portion of those equity balances which were associated with the Building Corporation; a decrease of \$830,680 in each, respectively. These Building Corporation related equity balances have consequently been added to the beginning net assets of business-type activities as well as the beginning net assets of proprietary funds; an increase of \$830,680 in each, respectively.

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## Required Supplementary Information

TETON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
<u>Taxes</u>				
Sales and use taxes	\$ 11,029,510	11,029,510	12,111,846	1,082,336
Property taxes	6,574,361	6,574,361	6,569,813	(4,548)
Payments in lieu of property tax	1,774,100	1,774,100	2,134,857	360,757
State gasoline tax	725,000	725,000	734,085	9,085
Lodging tax	233,000	233,000	279,161	46,161
Severance tax	205,000	205,000	208,811	3,811
Motor vehicle fees	645,000	645,000	627,298	(17,702)
Other taxes	9,000	9,000	15,020	6,020
Total taxes	21,194,971	21,194,971	22,680,891	1,485,920
<u>Other Revenues</u>				
Intergovernmental	826,134	826,134	700,321	(125,813)
Charges for services	1,609,682	1,692,480	1,612,220	(80,260)
Licenses and permits	1,023,475	1,078,775	1,671,740	592,965
Miscellaneous	236,000	368,532	420,280	51,748
Total revenues	24,890,262	25,160,892	27,085,452	1,924,560
Expenditures:				
<u>Administration</u>				
General administration	4,062,809	3,809,104	3,284,033	525,071
County commissioners	664,727	681,463	658,538	22,925
County clerk	797,333	799,536	757,682	41,854
County treasurer	523,300	523,310	504,220	19,090
County assessor	482,972	485,666	425,347	60,319
Information systems	435,407	435,407	414,379	21,028
Facilities maintenance	914,729	914,729	933,561	(18,832)
Special projects	268,786	379,882	362,655	17,227
Total administration	8,150,063	8,029,097	7,340,415	688,682
<u>Community development</u>				
County planner	1,227,892	1,296,847	1,264,665	32,182
Community development	968,137	1,038,929	1,028,278	10,651
Total community development	2,196,029	2,335,776	2,292,943	42,833

(continued)

TETON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Health and human services</u>				
Public and environmental health	978,422	978,580	867,140	111,440
Human services	1,020,953	1,020,953	1,000,342	20,611
County coroner	107,476	107,476	103,593	3,883
Agricultural extension	164,552	164,552	142,171	22,381
WIC program	45,412	45,412	32,221	13,191
Health officer	7,180	7,480	7,227	253
Special projects	125,442	125,442	112,126	13,316
Total health and human services	<u>2,449,437</u>	<u>2,449,895</u>	<u>2,264,820</u>	<u>185,075</u>
<u>Justice</u>				
County attorney	971,903	979,725	962,634	17,091
Clerk of district court	584,809	592,409	555,674	36,735
Justice court	218,492	226,172	190,495	35,677
Total justice	<u>1,775,204</u>	<u>1,798,306</u>	<u>1,708,803</u>	<u>89,503</u>
<u>Infrastructure</u>				
Road and bridge	1,462,347	1,705,252	1,488,645	216,607
County engineer	431,778	431,978	385,523	46,455
Pathways	297,974	299,924	238,428	61,496
Contributions to other governments	6,060	6,060	5,778	282
Total infrastructure	<u>2,198,159</u>	<u>2,443,214</u>	<u>2,118,374</u>	<u>324,840</u>
<u>Public safety</u>				
County sheriff	4,335,025	4,373,960	4,185,661	188,299
Board of prisoners and jail	1,482,983	1,482,983	1,335,971	147,012
Emergency management	188,084	189,809	177,242	12,567
Capital projects	60,000	60,000	-	60,000
Special projects	348,722	348,722	306,729	41,993
Total public safety	<u>6,414,814</u>	<u>6,455,474</u>	<u>6,005,603</u>	<u>449,871</u>
<u>Debt Service</u>				
Principal	553,030	553,030	451,838	101,192
Interest and fiscal charges	74,175	74,175	74,175	-
Total debt service	<u>627,205</u>	<u>627,205</u>	<u>526,013</u>	<u>101,192</u>
Total expenditures	<u>23,810,911</u>	<u>24,138,967</u>	<u>22,256,971</u>	<u>1,881,996</u>
Excess of revenues over expenditures	<u>1,079,351</u>	<u>1,021,925</u>	<u>4,828,481</u>	<u>3,806,556</u>

(continued)

TETON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other financing sources (uses):				
Transfer from grants fund	595,166	605,346	369,735	(235,611)
Transfer from fire / EMS fund	211,686	211,686	205,681	(6,005)
Transfer from E911 fund	101,777	101,777	101,777	-
Transfer to fire / EMS fund	(1,249,268)	(1,194,268)	(1,118,787)	75,481
Transfer to parks and recreation fund	(1,045,457)	(1,053,212)	(1,307,922)	(254,710)
Transfer to building corporation	(144,995)	(144,995)	(144,995)	-
Transfer to housing authority fund	(318,600)	(318,600)	(318,600)	-
Transfer to capital projects fund	-	(4,929,384)	(4,919,384)	10,000
Total other financing sources (uses)	<u>(1,849,691)</u>	<u>(6,721,650)</u>	<u>(7,132,495)</u>	<u>(410,845)</u>
Change in fund balance	\$ <u>(770,340)</u>	<u>(5,699,725)</u>	(2,304,014)	<u>3,395,711</u>
Fund balance - July 1			<u>14,384,404</u>	
Fund balance - June 30	\$		<u>12,080,390</u>	

TETON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
PARKS AND RECREATION FUND  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 2,115,279	2,180,224	2,308,643	128,419
Intergovernmental	67,300	67,300	56,040	(11,260)
Contributions	22,600	37,478	37,628	150
Miscellaneous	9,000	12,892	30,840	17,948
	<u>2,214,179</u>	<u>2,297,894</u>	<u>2,433,151</u>	<u>135,257</u>
Expenditures:				
Parks and recreation	<u>3,816,002</u>	<u>3,937,355</u>	<u>3,889,442</u>	<u>47,913</u>
	<u>3,816,002</u>	<u>3,937,355</u>	<u>3,889,442</u>	<u>47,913</u>
Deficiency of revenues over expenditures	<u>(1,601,823)</u>	<u>(1,639,461)</u>	<u>(1,456,291)</u>	<u>183,170</u>
Other financing sources:				
Transfer from lodging tax fund	166,366	166,366	153,300	(13,066)
Transfer from general fund	<u>1,290,457</u>	<u>1,300,247</u>	<u>1,307,922</u>	<u>7,675</u>
Total other financing sources	<u>1,456,823</u>	<u>1,466,613</u>	<u>1,461,222</u>	<u>(5,391)</u>
Change in fund balance	<u>\$ (145,000)</u>	<u>(172,848)</u>	4,931	<u>177,779</u>
Fund balance - July 1			<u>307,677</u>	
Fund balance - June 30			<u>\$ 312,608</u>	

TETON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 4,408,184	5,415,725	3,394,540	(2,021,185)
Total revenues	<u>4,408,184</u>	<u>5,415,725</u>	<u>3,394,540</u>	<u>(2,021,185)</u>
Expenditures:				
Infrastructure	2,084,509	2,109,509	1,696,712	412,797
Community development	979,165	1,485,715	603,961	881,754
Public safety	386,086	725,200	349,352	375,848
Health and human services	72,000	146,025	199,102	(53,077)
Parks and recreation	109,082	109,082	103,321	5,761
Administration	345,876	345,876	77,292	268,584
Total expenditures	<u>3,976,718</u>	<u>4,921,407</u>	<u>3,029,740</u>	<u>1,891,667</u>
Excess of revenues over expenditures	<u>431,466</u>	<u>494,318</u>	<u>364,800</u>	<u>(129,518)</u>
Other financing uses:				
Transfer to general fund	<u>(431,466)</u>	<u>(494,318)</u>	<u>(369,735)</u>	<u>124,583</u>
Total other financing uses	<u>(431,466)</u>	<u>(494,318)</u>	<u>(369,735)</u>	<u>124,583</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	(4,935)	<u>(4,935)</u>
Fund balance - July 1			<u>12,004</u>	
Fund balance - June 30			\$ <u>7,069</u>	

TETON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2012

**Budget Presentation**

A Budgetary Comparison Schedule is presented for the General Fund and each major special revenue fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis except for instances in which capital assets are purchased through issuance of debt.

Annual appropriated budgets are adopted for all governmental funds as required by state law. All annual appropriations lapse at fiscal year-end. The Board of County Commissioners may authorize increases to or uses of unreserved fund balances. In the budget presentation, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

**Budget Adoption and Monitoring**

Prior to May 15, the County Clerk submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted prior to the third Monday in July to obtain public comments. The budget is adopted within 24 hours of the public hearing, or by the third Tuesday of July.

The total budget for any individual department may be amended only upon a motion made by the Board of County Commissioners. After the publication of notice, the Board of County Commissioners may by resolution transfer any unexpended appropriation balance or part thereof from one fund or department to another.

Formal budgetary integration is employed as a management control device during the year for all governmental funds. In the General fund, the legal level of expenditure control for budgetary purposes is the department level. Management may over-expend an object line item within a department without seeking a formal amendment from the Board of County Commissioners provided the total department budget is not over-expended.

In all governmental funds other than the General fund, the legal level of expenditure control for budgetary purposes is the total fund expenditures level. Management may over-expend an object line item within a fund without seeking a formal amendment from the Board of County Commissioners provided the total fund expenditures budget is not over-expended.

**Budgetary Compliance**

The facilities maintenance department within the General Fund exceeded its expenditure appropriations by \$18,832. The Roads Fund also exceeded its expenditure appropriations by \$13,864.

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## Supplementary Information

TETON COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds						
	Special Fire	Fire/EMS	Enhanced 911	Housing Authority	Roads	Lodging Tax	County Fair
<b>Assets:</b>							
Pooled cash and cash equivalents	\$ 1,635,101	1,240,064	961,667	699,869	2,200,312	379,944	255,733
Cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable	-	165,966	55,184	-	-	-	-
Taxes receivable	395,302	-	-	-	-	-	340,525
Due from other governments	19,128	-	-	-	43,972	121,370	-
Due from other funds	-	14,308	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,049,531</b>	<b>1,420,338</b>	<b>1,016,851</b>	<b>699,869</b>	<b>2,244,284</b>	<b>501,314</b>	<b>596,258</b>
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	15,130	29,371	2,670	-	95,476	-	14,261
Due to other funds	-	36,267	-	-	-	-	-
Deferred revenue	390,788	-	-	-	-	-	337,387
<b>Total liabilities</b>	<b>405,918</b>	<b>65,638</b>	<b>2,670</b>	<b>-</b>	<b>95,476</b>	<b>-</b>	<b>351,648</b>
<b>Fund balances:</b>							
<b>Restricted for:</b>							
Capital projects	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	2,148,808	-	-
Public safety	1,643,613	-	1,014,181	-	-	-	-
Community development	-	-	-	699,869	-	501,314	-
Parks and recreation	-	-	-	-	-	-	244,610
<b>Committed for:</b>							
Public safety	-	1,354,700	-	-	-	-	-
<b>Total fund balances</b>	<b>1,643,613</b>	<b>1,354,700</b>	<b>1,014,181</b>	<b>699,869</b>	<b>2,148,808</b>	<b>501,314</b>	<b>244,610</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,049,531</b>	<b>1,420,338</b>	<b>1,016,851</b>	<b>699,869</b>	<b>2,244,284</b>	<b>501,314</b>	<b>596,258</b>

TETON COUNTY  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2012

Capital Projects Funds								Total Non-major Governmental Funds
2006 Pathways Specific Tax Fund	2006 Daycare Specific Tax Fund	2006 Trash Transfer Specific Tax Fund	2010 Fire/EMS Specific Tax Fund	2010 Pathways Specific Tax Fund	2010 Wilson Specific Tax Fund	2010 Parks & Recreation Specific Tax Fund	2010 County Fair Specific Tax Fund	
-	2,629,117	1,377,447	-	128,699	16,484	229,773	41,607	11,795,817
31,536	-	-	-	-	-	-	-	31,536
-	-	-	-	-	-	-	-	221,150
-	-	-	-	-	-	-	-	735,827
-	-	-	-	-	31,955	-	-	216,425
-	-	-	-	-	-	-	-	14,308
<u>31,536</u>	<u>2,629,117</u>	<u>1,377,447</u>	<u>-</u>	<u>128,699</u>	<u>48,439</u>	<u>229,773</u>	<u>41,607</u>	<u>13,015,063</u>
-	-	-	-	-	8,712	16,501	-	182,121
-	-	-	-	-	-	-	-	36,267
-	-	-	-	-	-	-	-	728,175
-	-	-	-	-	8,712	16,501	-	946,563
31,536	2,629,117	1,377,447	-	128,699	39,727	213,272	41,607	4,461,405
-	-	-	-	-	-	-	-	2,148,808
-	-	-	-	-	-	-	-	2,657,794
-	-	-	-	-	-	-	-	1,201,183
-	-	-	-	-	-	-	-	244,610
-	-	-	-	-	-	-	-	1,354,700
<u>31,536</u>	<u>2,629,117</u>	<u>1,377,447</u>	<u>-</u>	<u>128,699</u>	<u>39,727</u>	<u>213,272</u>	<u>41,607</u>	<u>12,068,500</u>
<u>31,536</u>	<u>2,629,117</u>	<u>1,377,447</u>	<u>-</u>	<u>128,699</u>	<u>48,439</u>	<u>229,773</u>	<u>41,607</u>	<u>13,015,063</u>

TETON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

<u>Special Revenue Funds</u>							
	<u>Special Fire</u>	<u>Fire/EMS</u>	<u>Enhanced 911</u>	<u>Housing Authority</u>	<u>Roads</u>	<u>Lodging Tax</u>	<u>County Fair</u>
Revenues:							
Taxes	\$ 425,000	-	-	-	362,024	837,485	326,291
Intergovernmental	16,937	5,791	-	-	197,125	-	-
Charges for services	191,870	1,258,438	275,183	602,357	65,919	-	454,284
Contributions	-	71,989	-	-	-	-	-
Miscellaneous	70,523	85,038	5,734	4,260	14,202	1,635	9,610
Total revenues	<u>704,330</u>	<u>1,421,256</u>	<u>280,917</u>	<u>606,617</u>	<u>639,270</u>	<u>839,120</u>	<u>790,185</u>
Expenditures:							
Community development	-	-	-	768,600	-	-	-
Infrastructure	-	-	-	-	1,214,782	216,000	-
Parks and recreation	-	-	-	-	-	15,000	801,988
Public safety	580,855	2,187,953	91,856	-	-	-	-
Total expenditures	<u>580,855</u>	<u>2,187,953</u>	<u>91,856</u>	<u>768,600</u>	<u>1,214,782</u>	<u>231,000</u>	<u>801,988</u>
Excess (deficiency) of revenues over expenditures	<u>123,475</u>	<u>(766,697)</u>	<u>189,061</u>	<u>(161,983)</u>	<u>(575,512)</u>	<u>608,120</u>	<u>(11,803)</u>
Other financing sources (uses):							
Special item - contribution from component unit	-	-	-	-	-	-	256,413
Transfers in (out)	-	913,106	(101,777)	318,600	-	(153,300)	-
Total other financing sources (uses)	<u>-</u>	<u>913,106</u>	<u>(101,777)</u>	<u>318,600</u>	<u>-</u>	<u>(153,300)</u>	<u>256,413</u>
Change in fund balance	123,475	146,409	87,284	156,617	(575,512)	454,820	244,610
Fund balance - July 1, as restated	<u>1,520,138</u>	<u>1,208,291</u>	<u>926,897</u>	<u>543,252</u>	<u>2,724,320</u>	<u>46,494</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,643,613</u>	<u>1,354,700</u>	<u>1,014,181</u>	<u>699,869</u>	<u>2,148,808</u>	<u>501,314</u>	<u>244,610</u>

TETON COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2012

Capital Projects Funds								Total Non-major Governmental Funds
2006 Pathways Specific Tax Fund	2006 Daycare Specific Tax Fund	2006 Trash Transfer Specific Tax Fund	2010 Fire/EMS Specific Tax Fund	2010 Pathways Specific Tax Fund	2010 Wilson Specific Tax Fund	2010 Parks & Recreation Specific Tax Fund	2010 County Fair Specific Tax Fund	
-	-	-	344,907	295,484	32,213	441,300	-	3,064,704
-	-	-	-	-	-	-	-	219,853
-	-	-	-	-	-	-	-	2,848,051
-	-	-	-	-	-	-	-	71,989
29	19,683	8,371	1,902	1,773	149	1,359	75	224,343
29	19,683	8,371	346,809	297,257	32,362	442,659	75	6,428,940
-	-	-	-	-	-	-	-	768,600
66,775	-	-	-	706,899	-	-	-	2,204,456
-	-	-	-	-	17,425	302,620	27,319	1,164,352
-	-	-	694,498	-	-	-	-	3,555,162
66,775	-	-	694,498	706,899	17,425	302,620	27,319	7,692,570
(66,746)	19,683	8,371	(347,689)	(409,642)	14,937	140,039	(27,244)	(1,263,630)
-	-	-	-	-	-	-	68,851	325,264
-	-	-	-	-	-	-	-	976,629
-	-	-	-	-	-	-	68,851	1,301,893
(66,746)	19,683	8,371	(347,689)	(409,642)	14,937	140,039	41,607	38,263
98,282	2,609,434	1,369,076	347,689	538,341	24,790	73,233	-	12,030,237
31,536	2,629,117	1,377,447	-	128,699	39,727	213,272	41,607	12,068,500

TETON COUNTY  
COMBINING STATEMENT OF NET ASSETS  
TETON COUNTY LIBRARY AND TETON COUNTY LIBRARY FOUNDATION  
June 30, 2012

	Teton County Library	Teton County Library Foundation	Total Teton County Library
Assets:			
Cash and cash equivalents	\$ 1,571,708	787,966	2,359,674
Investments	-	1,839,066	1,839,066
Taxes receivable	3,509,572	-	3,509,572
Due from other governments	4,138	-	4,138
Prepaid expenses	16,250	-	16,250
Inventory	240	-	240
Capital assets	8,650,680	-	8,650,680
Accumulated depreciation	(321,131)	-	(321,131)
Total assets	<u>\$ 13,431,457</u>	<u>2,627,032</u>	<u>16,058,489</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,967,539	24,522	1,992,061
Deferred revenue	2,746,000	-	2,746,000
Long-term liabilities:			
Due within one year	95,000	-	95,000
Total liabilities	<u>4,808,539</u>	<u>24,522</u>	<u>4,833,061</u>
Net assets:			
Invested in capital assets, net of related debt	8,329,549	-	8,329,549
Restricted for permanent endowment - non expendable	-	1,844,614	1,844,614
Unrestricted	293,369	757,896	1,051,265
Total net assets	<u>\$ 8,622,918</u>	<u>2,602,510</u>	<u>11,225,428</u>

TETON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
TETON COUNTY LIBRARY AND TETON COUNTY LIBRARY FOUNDATION  
Year Ended June 30, 2012

	Teton County Library	Teton County Library Foundation	Total Teton County Library
	<u>          </u>	<u>          </u>	<u>          </u>
Expenses	\$ 2,884,736	438,527	3,323,263
Program revenues:			
Charges for services	47,990	-	47,990
Operating grants and contributions	27,868	806,830	834,698
Total program revenues	<u>75,858</u>	<u>806,830</u>	<u>882,688</u>
Net (expenses) revenues	(2,808,878)	368,303	(2,440,575)
General revenues:			
Sales and use taxes	4,040,242	-	4,040,242
Property taxes	2,677,541	-	2,677,541
Investment income (loss)	22,311	(114,846)	(92,535)
Loss on disposal of assets	(8,578)	-	(8,578)
Miscellaneous	-	217	217
Inter-entity contributions	135,778	(135,778)	-
Total general revenues	<u>6,867,294</u>	<u>(250,407)</u>	<u>6,616,887</u>
Change in net assets	4,058,416	117,896	4,176,312
Net assets – beginning	<u>4,564,502</u>	<u>2,484,614</u>	<u>7,049,116</u>
Net assets – ending	<u>\$ 8,622,918</u>	<u>2,602,510</u>	<u>11,225,428</u>

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Teton County Drug Court  
Program Reporting

TETON COUNTY DRUG COURT  
SCHEDULE OF FINANCIAL POSITION  
June 30, 2012

Assets:		
Accounts receivable		\$ <u>6,691</u>
Total assets		\$ <u><u>6,691</u></u>
Liabilities:		
Payable to general fund pooled cash		\$ 6,220
Accounts payable		<u>471</u>
Total liabilities		<u>6,691</u>
Fund balance		<u>-</u>
Total liabilities and fund balance		\$ <u><u>6,691</u></u>

TETON COUNTY DRUG COURT  
SCHEDULE OF ACTIVITIES AND FUNCTIONAL EXPENSES  
Year Ended June 30, 2012

Revenues:

State grants	\$ 135,025
Contributions from Teton County	50,026
Contributions from Town of Jackson	<u>31,022</u>
Total revenues	<u>216,073</u>

Expenses:

Treatment and supervision	125,340
Administrative	78,162
Travel and training	4,714
Miscellaneous	<u>7,857</u>
Total expenses	<u>216,073</u>

Net change in fund balance	\$ <u><u>-</u></u>
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## Governmental Audit Reports

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Agriculture (USDA)</u>			
Passed through Wyoming Department of Health: Special Supplemental Nutrition Program For WIC	10.557	None	<u>32,221</u>
Total USDA			<u>32,221</u>
<u>U.S. Department of Commerce (DOC)</u>			
Passed through Wyoming Office of Homeland Security: WYOLINK - Amendment	11.555	07-NTI-TET-PS-PCS7 WYO	<u>37,170</u>
Total DOC			<u>37,170</u>
<u>U.S. Department of Housing &amp; Urban Development (HUD)</u>			
Passed through Wyoming Business Council: CDBG - Low Income Housing	14.228	None	182,628
CDBG - JH Elders Market Analysis	14.228	None	<u>7,572</u>
Total HUD			<u>190,200</u>
<u>U.S. Department of Interior (DOI)</u>			
Passed through Wyoming Office of State Parks: LWCR - Owen Bircher Park	15.916	None	<u>15,000</u>
Total DOI			<u>15,000</u>
<u>U.S. Department of Justice (DOJ)</u>			
Direct Program: Drug Court - Mental Health Collaboration	16.745	2001-MO-BX-0029	18,469
Passed through Volunteers of America Northern Rockies: Juvenile Justice Delinquency Prevention	16.540	2007-JF-FX-K003	7,187
Passed through Wyoming Department of Family Services: Title V Community Prevention	16.548	None	28,210
Passed through Wyoming Sherriff's Association: Enforce Underage Drinking Laws	16.727	None	6,076
Passed through Wyoming Division of Criminal Investigation: Edward Byrne Memorial Justice Assistance (ARRA)	16.803	None	<u>10,378</u>
Total DOJ			<u>70,320</u>
<u>U.S. Department of Transportation (DOT)</u>			
Direct Program: North 89 Pathway Grant	20.520	WY-20-X001-00	665,509

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	<u>Expenditures</u>
Passed through Wyoming Department of Transportation:			
Highway Planning and Construction Cluster:			
South Park Loop Pathway	20.205	STP-E-LC 0.00 TL08012	<u>194,348</u>
Total Highway Planning and Construction Cluster			<u>194,348</u>
Highway Safety Cluster:			
Bureau of Justice Assistance - DUI/Speed	20.600	402 FY2012	<u>10,868</u>
Total Highway Safety Cluster			<u>10,868</u>
Passed through Wyoming Department of State Parks:			
Trail Grooming Grant	20.219	RTP11Q & NRT#1219	<u>44,082</u>
Total DOT			<u>914,807</u>
<u>U.S. Department of Energy (DOE)</u>			
Passed through Wyoming Business Council:			
Teton County Energy Retrofit I (ARRA)	81.041	ARRA-SEP (0401)	<u>563,308</u>
Teton County Energy Retrofit II (ARRA)	81.128	ARRA-EECBG (0401)	<u>270,222</u>
Total DOE			<u>833,530</u>
<u>U.S. Department of Education (ED)</u>			
Passed through Wyoming Office of State Lands and Investments:			
Juvenile Crisis Shelter	84.397	S397A090051	<u>393,122</u>
Total ED			<u>393,122</u>
<u>U.S. Department of Health and Human Services (HHS)</u>			
Passed through Wyoming Department of Family Services:			
Temporary Assistance For Needy Families Cluster:			
Temporary Assistance for Needy Families - HS	93.558	None	<u>84,822</u>
Temporary Assistance for Needy Families - PH	93.558	None	<u>14,185</u>
Total Temporary Assistance for Needy Families Cluster			<u>99,007</u>
Maternal and Child Health	93.994	None	<u>48,547</u>
Passed through Wyoming Department of Health:			
All Hazards	93.069	None	<u>124,480</u>
All Hazards - CHO	93.069	None	<u>12,000</u>
Community Services Block Cluster:			
WY Rural & Frontier Health CSBG Tripartite	93.569	CSBG.TTN1216	<u>58,000</u>
WY Rural & Frontier Health CSBG Tripartite	93.569	CSBG.TTN1020	<u>7,861</u>
WY Rural & Frontier Health CSBG Tripartite	93.569	CSBG.10%SETASIDETTN1114	<u>5,188</u>
Total Community Services Block Cluster			<u>71,049</u>
Total HHS			<u>355,083</u>

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Homeland Security (DHS)</u>			
Passed through Wyoming Office of Homeland Security:			
Homeland Security Cluster:			
FY2008 Homeland Security (Bomb Team)	97.067	08-GPD-BT5-BM-HMB8	4,237
FY2009 Homeland Security (HSGP)	97.067	09-GPD-TET-SC-HSG9	93,045
FY2009 Citizen Corps Program (CCP)	97.067	09-GPD-TET-CC-HCC9	2,113
FY2009 Law Enforcement (LETPP)	97.067	09-GPD-TET-LC-HLE9	6,099
FY2010 IECGP - WYOLINK	97.067	09-GPD-TET-IE-CGP9	528
FY2010 Law Enforcement (LETPA) - SO	97.067	10-GPD-TET-LS-HLE10	7,212
FY2010 Citizen Corps Program (CCP)	97.067	10-GPD-TET-CC-HCC10	1,454
FY2010 Homeland Security (HSGP)	97.067	10-GPD-TET-SC-HSG10	18,372
FY2010 Law Enforcement (LETPA) - Crnr	97.067	10-GPD-TET-LC-HLE10	5,436
FY2011 Fire/EMS Regional Response Team	97.067	11-GPD-RR8-RR-HRT11	52,122
FY2011 Citizen Corps Program (CCP)	97.067	11-GPD-TET-CC-HCC11	<u>6,758</u>
Total Homeland Security Cluster			197,376
FY2012 Disaster Relief	97.036	FEMA-4007-DR-WY	56,610
FY2010 Emergency Communications (IECGP)	97.055	10-GPD-TET-IE-CGP10	1,740
FY2010 EMPG	97.042	10-GPD-TET-EM-GCF11	<u>29,042</u>
Total DHS			<u>284,768</u>
Total Expenditures of Federal Awards			<u>\$ 3,126,221</u>

TETON COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2012

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.”

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires that the Schedule show the total expenditures for each of the entity’s federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major programs. Major programs have been noted in the Schedule of Findings and Questioned Costs in accordance with those definitions.



1011 West 400 North, Suite 100  
P.O. Box 747  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878

**PARTNERS:**  
*Michael C. Kidman, CPA*  
*Brent S. Sandberg, CPA*  
*Mark E. Low, CPA*  
*H. Paul Gibbons, CPA*  
*Robert D. Thomas, CPA*  
*Paul R. Campbell, CPA*  
*Shawn R. Anderson, CPA*  
*Scott L. Burton, CPA*

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

To the Board of County Commissioners  
Teton County  
Jackson, Wyoming

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Teton County, Wyoming (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 10, 2012. We did not audit the financial statements of the Teton County Weed and Pest Control District (discretely presented component unit) or the Teton County Building Corporation (blended component unit). Those financial statements were audited by other auditors whose report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* has been issued separately. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material

weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 12-01 to be a material weakness.

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. We consider the deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 12-02 to be a significant deficiency.

#### 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 December 10, 2012.

The County's response to the findings 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 management, the Board of County Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



JONES SIMKINS, P.C.  
December 10, 2012



Certified Public Accountants

1011 West 400 North, Suite 100  
P.O. Box 747  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878

**PARTNERS:**

Michael C. Kidman, CPA  
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Scott L. Burton, CPA

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

To the Board of County Commissioners  
Teton County  
Jackson, Wyoming

Compliance

We have audited the compliance of Teton County, Wyoming (the County) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' 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 the County's management. Our responsibility is to express an opinion on the County'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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

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



JONES SIMKINS, P.C.  
December 10, 2012

TETON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

A. Summary of Auditors' Results

- |    |  |  |
|----|--|--|
| 1. | Type of Report issued:   | Unqualified  |
| 2. | Internal control over financial reporting:<br>Material weaknesses identified:                                      | Yes-1  |
|    | Significant deficiencies identified that were not considered to be material weaknesses:                            | Yes-1  |
| 3. | Non-compliance material to financial statements noted:   | No   |
| 4. | Internal control over major programs:<br>Material weaknesses identified:   | No   |
|    | Significant deficiencies identified that were not considered to be material weaknesses:                            | No   |
| 5. | Type of auditor's report issued on compliance for major programs:  | Unqualified  |
| 6. | Any audit findings disclosed that are required to be reported in accordance with section 510(d) of Circular A-133: | None   |
| 7. | Federal programs tested as major programs:   | North 89 Pathway<br>CFDA # 20.520<br><br>Energy Retrofit I (ARRA)<br>CFDA # 81.041<br><br>Juvenile Crisis Shelter (ARRA)<br>CFDA #84.397 |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs:   | \$ 300,000   |
| 9. | Auditee qualification as high or low risk:   | High   |

TETON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

- B. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards

Finding 12-01

Condition: The County and its Library and Housing Authority component units have not developed policies and procedures sufficient to record all transactions in the proper period and to prepare financial information on the accrual and modified accrual basis as required by generally accepted accounting principles.

Criteria: Internal controls should be sufficiently comprehensive to ensure that all financial transactions are properly accumulated, processed, summarized and reported in the financial statements in accordance with generally accepted accounting principles.

Effect: Several significant audit adjustments were made to the County's trial balance and the trial balances of the Library and Housing Authority component units. The auditors provided assistance in drafting the annual financial statements.

Cause: County and component unit personnel do not currently have the expertise to record certain types of transactions or prepare the financial statements in accordance with generally accepted accounting principles.

Recommendation: The County Clerk, County Treasurer and key County and component unit accounting support staff should attend continuing education courses to obtain the necessary additional training to help them better understand and apply generally accepted accounting principles.

Finding 12-02

Condition: The County's internal control system is not designed in accordance with the expectations of the Government Accountability Office (GAO).

Criteria: Internal control standards adopted by the GAO expect that the individuals charged with governance of an organization establish an effective control environment, assess internal control risks, establish appropriate control activities, document and communicate controls and procedures, and monitor compliance with policies and procedures.

Effect: The County has a significant deficiency in the design of its internal control processes.

Cause: The County does not have sufficient expertise to evaluate and improve internal controls to the level expected by the GAO.

Recommendation: Those charged with governance should seek assistance to establish appropriate policies and procedures for recording the County's financial transactions, and develop effective risk assessment and monitoring controls.

TETON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

- C. Findings and Questioned Costs Related to Federal Awards Required to be reported in Accordance with OMB Circular A-133

None

TETON COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
(Client Submitted Document)  
Year Ended June 30, 2012

None required as there were no findings or questioned costs related to federal awards required to be reported in accordance with OMB Circular A-133 in the prior year.

TETON COUNTY  
CORRECTIVE ACTION PLAN  
(Client Submitted Document)  
Year Ended June 30, 2012

Teton County respectfully submits the following corrective action plan for the year ended June 30, 2012:

The findings from the Schedule of Findings and Questioned Costs are addressed below. The responses to the findings are numbered consistently with the numbers assigned in the Schedule of Findings and Questioned Costs.

**Findings – Financial Statement Audit**

Response to finding 12-01

The County concurs with the recommendation and will continue to pursue training opportunities for management and staff to help improve financial reporting controls.

Response to finding 12-02

The County concurs with the recommendation and will continue to evaluate the cost and benefit of implementing controls in accordance with the expectations of the GAO and implement additional controls where practical and reasonable.