

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2009

**LEO RILEY & Co.**  
*Certified Public Accountants*

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Board of Trustees  
Sublette County Rural Health Care District  
Pinedale, Wyoming

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the general fund of Sublette County Rural Health Care District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Sublette County Rural Health Care District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Sublette County Rural Health Care District as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2010, on our consideration of the Sublette County Rural Health Care District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Sublette County Rural Health Care District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 14 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

#### NOTICE

The accompanying basic financial statements, supplementary information and our independent auditors' reports are for the purpose of meeting local and state requirements and are for the use of those entities, management and the District's Board of Trustees, and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.

A handwritten signature in cursive script that reads "Leo Riley & Co." with a period at the end.

February 16, 2010

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

STATEMENT OF NET ASSETS  
JUNE 30, 2009

Assets:	
Current assets:	
Cash	\$ 7,275,421
Cash in hands of County Treasurer	32,898
Accounts receivable, net of allowance for doubtful accounts of \$686,506	623,380
Taxes receivable	138,725
Inventory	218,910
Total current assets	<u>\$ 8,289,334</u>
Noncurrent assets:	
Notes receivable	\$ 225,000
Capital assets	
Depreciable, net	4,052,424
Non-depreciable assets	309,925
Total noncurrent assets	<u>\$ 4,587,349</u>
Total assets	<u>\$ 12,876,683</u>
Liabilities:	
Checks in excess of deposits	\$ 8,659
Accounts payable	8,031
Accrued wages payable - short term	388,847
Payroll liabilities	41,025
Noncurrent liabilities	
Accrued wages payable	227,083
Total liabilities	<u>\$ 673,645</u>
Net assets:	
Invested in capital assets, net of related debt	\$ 4,362,349
Unrestricted	7,840,689
Total net assets	<u>\$ 12,203,038</u>

(The accompanying notes and accountants' report  
are an integral part of these financial statements)

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>
		<u>Services</u>	<u>Grants and</u>	<u>Activities</u>
			<u>Contributions</u>	
Governmental activities				
Administrative services	\$ 1,657,141	\$	\$	\$( 1,657,141)
Pinedale Clinic	4,185,527	2,046,497		( 2,139,030)
Marbleton Clinic	3,090,543	964,728		( 2,125,815)
Emergency Medical Services	3,710,076	584,419		( 3,125,657)
Other program	660,000		660,000	
	<u>\$ 13,303,287</u>	<u>\$ 3,595,644</u>	<u>\$ 660,000</u>	<u>\$( 9,047,643)</u>
General revenues				
Property taxes, levied for general purposes				\$ 7,386,864
Interest				91,589
Miscellaneous income				2,000
Rental income				56,720
Sale of assets				<u>( 567,733)</u>
Total general revenues				<u>\$ 6,969,440</u>
Changes in net assets				\$( 2,078,203)
Net assets - July 1, 2008				<u>14,281,241</u>
Net assets - June 30, 2009				<u>\$ 12,203,038</u>

(The accompanying notes and accountants' report  
are an integral part of these financial statements)

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2009

Assets	
Cash	\$ 7,275,421
Cash in hands of County Treasurer	32,898
Accounts receivable, net	623,380
Inventory	218,910
Total assets	<u>\$ 8,150,609</u>
Liabilities	
Checks in excess of deposits	\$ 8,659
Accounts payable	8,031
Accrued wages payable	388,847
Payroll liabilities	41,025
Total liabilities	<u>\$ 446,562</u>
Fund equity	
Reserved	
Inventory	\$ 218,910
Designated for maintenance and equipment	1,025,264
Undesignated	6,459,873
Total fund equity	<u>\$ 7,704,047</u>
Total liabilities and fund equity	<u>\$ 8,150,609</u>

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total fund balances - governmental funds	\$ 7,704,047
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation are not financial resources and, therefore are not reported in the funds	4,362,349
Taxes receivable not available for expenditure within 60 days	138,725
Loans receivable not available for expenditure within the next year	225,000
Compensated absences not reported in the governmental fund	<u>( 227,083)</u>
Net assets of governmental activities	<u>\$ 12,203,038</u>

(The accompanying notes and accountants' report  
are an integral part of these financial statements)

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund					Total
	Administrative	Pinedale Clinic	Marbleton Clinic	Emergency Services	Other	
Revenues						
Taxes	\$	\$	\$	\$	\$	\$ 7,737,149
Grants					660,000	660,000
Revenue		2,046,497	964,728	584,419	91,589	3,595,644
Interest						91,589
Miscellaneous	26,000	25,206	7,513			58,719
Total revenues	<u>\$ 26,000</u>	<u>\$ 2,071,703</u>	<u>\$ 972,241</u>	<u>\$ 584,419</u>	<u>\$ 8,488,738</u>	<u>\$ 12,143,101</u>
Expenditures						
Salaries	\$ 767,942	\$ 2,435,692	\$ 1,685,149	\$ 2,372,715	\$	\$ 7,261,498
Employee benefits	212,224	730,083	562,437	887,497		2,392,241
Purchased services	415,827	475,421	495,003	163,935	772,750	2,322,936
Supplies and materials	33,933	322,701	233,086	152,196		741,916
Capital outlay	74,829	93,628	458,640	305,361		932,458
Total expenditures	<u>\$ 1,504,755</u>	<u>\$ 4,057,525</u>	<u>\$ 3,434,315</u>	<u>\$ 3,881,704</u>	<u>\$ 772,750</u>	<u>\$ 13,651,049</u>
Excess revenue over (under) expenditures	<u>\$( 1,478,755)</u>	<u>\$( 1,985,822)</u>	<u>\$( 2,462,074)</u>	<u>\$( 3,297,285)</u>	<u>\$ 7,715,988</u>	<u>\$( 1,507,948)</u>
Other financing sources (uses)						
Sales of capital assets	\$ 1,450	\$	\$ 6,093	\$ 250	\$	\$ 7,793
Long-term note receivable issued		( 75,000)				( 75,000)
Total other financing sources (uses)	<u>\$ 1,450</u>	<u>\$( 75,000)</u>	<u>\$ 6,093</u>	<u>\$ 250</u>	<u>\$</u>	<u>\$( 67,207)</u>
Net change in fund balance	<u>\$( 1,477,305)</u>	<u>\$( 2,060,822)</u>	<u>\$( 2,455,981)</u>	<u>\$( 3,279,035)</u>	<u>\$ 7,715,988</u>	<u>\$( 1,575,155)</u>
Fund balance, July 1, 2008						<u>9,279,202</u>
Fund balance, June 30, 2009						<u>\$ 7,704,047</u>

(The accompanying notes and accountants' report are an integral part of these financial statements)



**SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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

Net change in fund balances	\$( 1,575,155)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$(955,160) exceeded depreciation \$(609,427) in the current period	345,733
The net effect of sales and disposal of net assets is to increase net assets	( 580,115)
Payment of note receivable is an expenditure in the governmental funds but the payment increases long-term assets in the statement of net assets	75,000
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	( 350,286)
Change in compensated absences not recorded in the governmental funds	<u>6,620</u>
Change in net assets of governmental activities	<u><u>\$( 2,078,203)</u></u>

(The accompanying notes and accountants' report are an integral part of these financial statements)

# SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sublette County Rural Health Care District (the District) is a special purpose type of governmental entity whose intent is to provide the residents of the District, with the highest quality of health care services that can be provided within the means and resources available. The District provides ambulance service for the County, and operates a clinic in Marbleton, Wyoming and in Pinedale, Wyoming within Sublette County. The District receives funding from local and state sources and must comply with the requirements of these funding entities.

The accounting and reporting policies of the District conform in all material respects to generally accepted accounting principles applicable to state and local governments. The following significant accounting policies were applied in the preparation of the accompanying financial statements:

#### Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the Council's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the Council
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on the aforementioned criteria, the District has no component units.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Governmental Fund Types

General Fund - The General Fund is the general operating fund of the District. All general, state and county revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Basis of Accounting

**Government-wide Statements** - The statement of net assets and the statement of activities show information about the overall financial position and activities of the District.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the District are mainly financed through property taxes and charges for services. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include fees for services. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

**Fund Financial Statements** - These statements provide information about the District's fund. The emphasis of fund financial statements is on major governmental funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. County and other governmental revenues applicable to the current fiscal year and collected soon after year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for payments for accrued absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting

The District prepares its revenue and expenditure budget on a modified accrual basis which does not include all accruals and therefore does not conform to generally accepted accounting principals (GAAP). The District's financial statements include all accruals in conformity with generally accepted accounting principals (GAAP). In that a connection, the budgetary comparison is presented using accounting methods that are dissimilar. During the year that ended June 30, 2009, there were no budget violations.

Inventories

Materials and supplies are carried in an inventory account at lower of cost or market and are subsequently charged to expenditures when consumed. Inventories consist mainly of medical and ambulance supplies.

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

The District's capital assets with useful lives of more than one year are stated at historical cost or at fair market value at date of receipt if received as a gift and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. The District has not entered into transactions, which include infrastructure-type assets or would normally require the capitalization of interest costs. In that regard, no policies have been approved related to these issues.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	3 - 10 years
Vehicles	7 years
Office equipment	3 - 10 years
Furniture and fixtures	7 - 10 years
Leasehold improvements	7 - 40 years

Property Taxes

In accordance with Wyoming Statute, the Sublette County Treasurer levies and collects the two mills of property taxes on behalf of the District. Assessed taxes are due in two equal installments on September 1st and March 1st. The installments are considered delinquent if not paid by November 10th and May 10th, respectively. If the taxpayer fails to pay the first installment by November 10th the taxpayer may pay the entire liability by December 31st and avoid an interest charge. If taxes are not paid in accordance with the prescribed delinquency dates, a tax lien attaches to the property on August 1st, securing the payment of all taxes, penalties and interest. The Sublette County Treasurer remits the taxes collected on behalf of the District during the month following the month they are collected.

NOTE 2. CASH AND INVESTMENTS

Cash consists of checking accounts held at institutions within the District and WYO-STAR Pool accounts, which are pooled cash accounts. At June 30, 2009, none of the deposits were exposed to credit risk.

The District participates in WYO-STAR. The Wyoming State Treasurer has established the WYO-STAR investment pool or common fund in which all monies are comingled for investment purposes. Each participant shall have an individual interest in the pool based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Separate accounts will be maintained for each political entity. All investments will conform to Wyoming Statutes.

As of June 30, 2009, the District had the following balances in WYO-STAR:

WYO-STAR Reserve	\$ 2,195,955
WYO-STAR Maintenance	535,481
WYO-STAR Equipment	489,783
	<u>\$ 3,221,219</u>

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Wyoming statute authorizes the District to invest in obligations of the U.S. Treasury, U.S. guaranteed real estate mortgages, Farm Home Administration (FHA) insured notes, FHA debentures and savings certificates and certificates of deposit which are federally insured, or secured by a pledge of assets, provided the pledge is authorized by the FSLIC.

NOTE 3. CAPITAL ASSETS

Additions and retirements, together with balances as of June 30, 2009 for the capital assets were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
General fixed assets:				
Machinery and equipment	\$ 2,712,333	\$ 710,945	\$ 367,622	\$ 3,055,656
Vehicles	804,026	201,307		1,005,333
Building	711,548			711,548
Leasehold improvements	1,833,354	42,908	964,804	911,458
Total capital assets	<u>\$ 6,061,261</u>	<u>\$ 955,160</u>	<u>\$ 1,332,426</u>	<u>\$ 5,683,995</u>
Accumulated depreciation	<u>\$ 1,774,455</u>	<u>\$ 609,427</u>	<u>\$ 752,311</u>	<u>\$ 1,631,571</u>
Depreciable capital assets, net	\$ 4,286,806	\$ 345,733	\$ 580,115	\$ 4,052,424
Nondepreciable fixed assets:				
Pinedale Clinic	<u>309,925</u>			<u>309,925</u>
Total capital assets, net	<u>\$ 4,596,731</u>	<u>\$ 345,733</u>	<u>\$ 580,115</u>	<u>\$ 4,362,349</u>

Depreciation was charged to the functions that follow:

Administrative services	\$ 113,221
Pinedale Clinic	239,999
Marbleton Clinic	117,944
Emergency services	138,263
	<u>\$ 609,427</u>

NOTE 4. LEASES

At June 30, 2009, the District was renting the Pinedale ambulance barn, Pinedale Clinic, the Sand Draw ambulance barn, the Big Piney/Marbleton ambulance barn and the Marbleton Clinic, all of which are owned by Sublette County for one dollar per building per year.

The District has also entered into various leases with terms of one year or less for temporary housing for medical professionals for modular space or for administrative office space.

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5. RETIREMENT PLAN

Wyoming Retirement Plan

Sublette County Rural Health Care District participates in the statewide Wyoming Retirement System. The Wyoming Retirement System is a component unit of the State of Wyoming charged by State Statutes to provide retirement benefits for retired and disabled public employees. All employees of the District, considered being full-time and regular part-time employees, are eligible to participate in the statewide Wyoming Retirement System (System), a multiple-employer, cost sharing public employee retirement system (PERS). Wyoming Statutes 9-3-401 through 9-3-429 assigns the authority to establish and amend benefit provisions to the System's Board of Trustees. The Wyoming Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing Wyoming Retirement System, 1st Floor East - Herschler Building, Cheyenne, Wyoming 82002 or by calling 1-307-777-7691.

Funding Policy - Plan members are required by State Statute to contribute 5.57 percent of their salary to the plan. The District is required by the same statute to contribute 5.68 percent of covered salaries. Both the employee and employer shares were paid entirely by the District. The contributions to the system for the years ended June 30, 2009, 2008 and 2007 were \$789,751, \$608,066, and \$367,462, respectively.

NOTE 6. ECONOMIC DEPENDENCY

The District is economically dependent on the tax revenue and grants it receives from Sublette County. For the year ended June 30, 2009, the District received \$7,709,386 from the County or 65% of its total revenue.

NOTE 7. ACCOUNTS RECEIVABLE

The accounts receivable consists of ambulance and clinic revenue. The balance of receivables as of June 30, 2009 was \$1,309,976. The allowance for doubtful accounts is based on historical write offs and insurance adjustments. At June 30, 2009, the allowance for doubtful accounts was \$686,506 or 52% of total receivables.

NOTE 8. FUND BALANCE RESERVES

A summary of fund balance reserves not previously mentioned are as follows:

General Fund

The District has established a reserve of \$1,025,264 for the purchase and maintenance of equipment and vehicles.

The District has established an inventory reserve of \$218,910 for the inventory amount of the general fund.

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT

The District is a member of the Wyoming Local Government Liability Pool (LGLP). The LGLP was created to formulate, develop and administer a program of modified self-funding for the LGLP's membership, obtain lower costs for liability coverage and develop a comprehensive loss control program. The District is covered under the comprehensive loss control program and liability coverage. The District's agreement with the LGLP provides that the LGLP will be self-sustaining through member premiums and will provide individual loss coverage for member districts for claims of \$250,000 per person/\$500,000 per occurrence. The premium is paid for the District by Sublette County. During the year ended June 30, 2009, the County paid \$80,479 for liability coverage for the 2009-2010 fiscal year.

The District has also purchased commercial malpractice insurance. Payments for these premiums are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years.

NOTE 10. THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

A large percentage of net patient service revenue was derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position or results of operations of the District.

NOTE 11. NOTES RECEIVABLE

The District has three notes receivable from three doctors each in the amount of \$75,000. The notes were to facilitate housing in the Sublette County area. The notes are noninterest bearing. They mature in twenty-five years or when employment with the District is terminated, whichever comes first.

**SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 7,354,254	\$ 7,354,254	\$ 7,709,386	\$ 355,132
Ambulance	750,000	750,000	745,522	( 4,478)
Pinedale Clinic	500,000	500,000	2,204,486	1,704,486
Marbleton Clinic	1,440,000	1,440,000	941,964	( 498,036)
Interest	365,000	365,000	91,589	( 273,411)
Grants	660,000	660,000	660,000	
Gain (loss) on equipment sales			( 567,733)	( 567,733)
Miscellaneous	35,500	35,500	58,420	22,920
<b>Total revenues</b>	<u>\$ 11,104,754</u>	<u>\$ 11,104,754</u>	<u>\$ 11,843,634</u>	<u>\$ 738,880</u>
<b>Expenditures</b>				
Salaries	\$ 8,792,044	\$ 8,757,501	\$ 7,260,779	\$ 1,496,722
Payroll taxes	784,228	784,228	641,628	142,600
Health insurance	1,622,409	1,622,409	1,214,884	407,525
Books and subscriptions	9,630	9,630	6,371	3,259
Insurance	86,613	86,613	92,203	( 5,590)
Dues, licenses	43,950	43,950	25,735	18,215
Continuing education	93,950	93,950	18,409	75,541
Counseling	78,000	78,000	71,500	6,500
Drugs and medication	133,638	133,638	124,044	9,594
Fees, fines and bank charges	5,700	5,700	10,204	( 4,504)
Health claims	887,148	887,148	501,946	385,202
Medical supplies	379,442	379,442	277,575	101,867
Office supplies	120,703	120,703	88,174	32,529
Housekeeping	80,517	80,517	32,960	47,557
Marketing and advertising	18,340	18,340	8,406	9,934
Minor equipment	106,767	106,767	77,234	29,533
Contract labor	532,229	532,229	643,787	( 111,558)
Travel	222,955	222,955	125,385	97,570
Professional	10,000	10,000	6,986	3,014
Vaccination	30,025	30,025	201	29,824
Recruitment	120,250	120,250	42,484	77,766
Biowaste	19,984	19,984	22,738	( 2,754)
Collections	14,200	14,200	50,242	( 36,042)
Entertainment	21,886	21,886	187	21,699
Service agreements	115,065	115,065	260,869	( 145,804)
Fuel	85,560	85,560	75,493	10,067
Senior citizen	28,500	28,500	28,500	
Meningitis	10,000	10,000	10,000	
Medical wing	660,000	660,000	660,000	
Public health	8,750	8,750	8,750	
Red Cross	500	500	500	
Postage and freight	64,345	64,345	20,341	44,004
Printing	6,340	6,340	4,658	1,682
Repairs and maintenance	89,649	89,649	39,783	49,866
Rent	82,497	82,497	65,801	16,696
Property tax	4,500	4,500	4,787	( 287)

(Continued)

(The accompanying notes and accountants' report  
are an integral part of this financial statement)



SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)				
Telephone/Internet/Cable	\$ 73,228	\$ 73,228	\$ 116,962	\$( 43,734)
Uniforms	26,400	26,400	23,355	3,045
Utilities	103,625	103,625	120,211	( 16,586)
Depreciation	350,000	350,000	591,314	( 241,314)
Total operating expenditures	<u>\$ 15,923,567</u>	<u>\$ 15,889,024</u>	<u>\$ 13,375,386</u>	<u>\$ 2,513,638</u>
Capital outlay - equipment	\$ 1,428,913	\$ 1,323,456	\$ 710,945	\$ 612,511
Capital outlay - leasehold improvements	85,457	85,457	42,289	43,168
Capital outlay - vehicles	200,000	200,000	201,307	( 1,307)
Total expenditures	<u>\$ 17,637,937</u>	<u>\$ 17,497,937</u>	<u>\$ 14,329,927</u>	<u>\$ 3,168,010</u>
Excess revenue over (under) expenditures	<u>\$( 6,533,183)</u>	<u>\$( 6,393,183)</u>	<u>\$( 2,486,293)</u>	<u>\$ 3,906,890</u>
Fund balance, July 1, 2008			<u>8,738,361</u>	
Fund balance, June 30, 2009			<u>\$ 6,252,068</u>	

(The accompanying notes and accountants' report  
 are an integral part of this financial statement)

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. The financial statement Statement of Revenues, Expenditure and Changes in Fund Balance on page 6 of this report is prepared on the generally accepted accounting principles (GAAP) basis. The required supplementary information - Budgetary Comparison - Government Fund Types contained on pages 14 and 15 of this report is prepared on the legally enacted basis (cash basis). The results of differences when revenues and expenses are recognized for accounting purposes are shown below. Under GAAP basis, revenues are recognized when measurable and available while the cash basis recognizes revenues when received. For expenditures, the GAAP basis recognizes them when incurred while the cash basis recognizes expenditures when paid.

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

General Fund

Resources/inflow budgetary basis	\$ 11,843,634
Differences - budget to GAAP	
Property tax accrual	27,763
Accounts receivable difference	( 296,029)
Loss on the sale of fixed assets included in budget data	567,733
Revenue GAAP basis	<u>\$ 12,143,101</u>
Total outflows budgetary basis	\$ 14,329,927
Net difference in accrued expenses	( 87,564)
Depreciation included in 2009 budget data not included for GAAP purposes	( 591,314)
Total expenditures GAAP basis	<u>\$ 13,651,049</u>

Board of Trustees  
Sublette County Rural Health Care District  
Pinedale, Wyoming

**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**

We have audited the financial statements of the governmental activities and the general fund of the Sublette County Rural Health Care District as of and for the year ended June 30, 2009, which collectively comprise District's basic financial statements and have issued our report thereon dated February 16, 2010. 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

In planning and performing our audit, we considered the Sublette County Rural Health Care District'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 Sublette County Rural Health Care District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sublette County Rural Health Care District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sublette County Rural Health Care District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sublette County Rural Health Care District's financial statements that is more than inconsequential will not be prevented or detected by the Sublette County Rural Health Care District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sublette County Rural Health Care District's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sublette County Rural Health Care District'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*.

This report is intended solely for the information and use of the audit committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Leo Riley & Co." The signature is written in black ink and is positioned above the date.

February 16, 2010

SUBLETTE COUNTY RURAL HEALTH CARE DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

Internal Control

No findings.

**STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2009**

Internal Control

No findings.