



CONVERSE COUNTY, WYOMING

FINANCIAL REPORT

June 30, 2017

CONVERSE COUNTY, WYOMING

FINANCIAL REPORT

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Converse County, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Converse County, Wyoming, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Converse County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board, discretely presented component units, which represent 74 percent, 70 percent and 70 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of Converse County, Wyoming. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Converse County, Wyoming, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Converse County, Wyoming's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2018, on our consideration of Converse County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Converse County, Wyoming's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Converse County, Wyoming's internal control over financial reporting.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

March 5, 2018
Casper, Wyoming

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

This section of Converse County, Wyoming's ("the County") annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2017. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia and Howard, Certified Public Accountants. The Independent Auditor's Report, financial statements and accompanying notes and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The County's total assets exceeded liabilities as of June 30, 2017 by \$100,550,343 (Net Position). Of this amount \$37,524,492 (Unrestricted Net Position) may be used to meet ongoing obligations, and \$60,052,841 is invested in capital assets, net of related debt.

As of June 30, 2017, the County's governmental funds reported combined fund balances of \$43,355,617. Unassigned fund balance of the governmental fund balance was \$7,678,008.

The fund balance for the general fund was \$25,864,077 as of June 30, 2017, with an unassigned fund balance of \$7,622,902.

Overview of the Financial Statements

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

Government - wide Financial Statements

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

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

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

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

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

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

The government-wide financial statements include not only Converse County itself, (known as the primary government), but also the following legally separate entities: the Converse County Weed and Pest Control District, the Converse County Airport Board, the Converse County Library, and the Memorial Hospital of Converse County. The County is financially accountable for these entities and appoints directors to their boards which require them to be identified as component units of Converse County, Wyoming. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Complete financial statements for the Converse County Weed and Pest Control District, the Converse County Airport Board, and the Memorial Hospital of Converse County may be obtained from each entity's administrative offices.

Fund Financial Statements

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

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances. The statements are prepared on an accounting basis that is significantly different from that used to prepare the governmental financial statements. All of the County programs are included in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out in a short period of time. For example, amounts reported on the balance sheet include items such as cash and receivables collectable within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. The fund balance generally indicates the amount that can be used to finance next year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

Consequently, the governmental funds statements provide a short-term view that helps determine if there are more or fewer financial resources to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, we provide an analysis at the bottom of the balance sheet reconciling the total fund balances to the amount of net position reported in the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles to the change in net position presented in the government-wide statement of activities.

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

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

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

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements.

Required Supplementary Information is presented concerning the County's General Fund and Special Purpose Tax Fund budgets. The County adopts an annual budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required Supplementary Information also includes schedules of changes in net pension liability, ratios and pension contributions.

In addition to the required elements, we have included combining statements that provide details about our non-major governmental funds and fiduciary funds presented as single columns in the basic financial statements. Additionally, we have included fund financial statements for the Converse County Library, the discretely presented component unit, which does not issue separate financial statements. This information is presented as other supplementary information immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$100,550,343. A large portion of the County's net position (60%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads and bridges. These assets are not available for future spending. The County had \$1,941,034 in outstanding debt related to its capital assets. The unrestricted net position of \$37,524,492 (37%) may be used to meet the County's ongoing obligations.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

The County's net position for the governmental activities as of June 30, 2017, was as follows:

	2017	Variance	2016
ASSETS			
Current assets	\$ 60,380,897	\$ (19,990,089)	\$ 80,370,986
Capital assets, net of accumulated depreciation	61,993,875	(7,848,473)	69,842,348
Total assets	<u>122,374,772</u>	<u>(27,838,562)</u>	<u>150,213,334</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,151,391</u>	<u>(308,536)</u>	<u>2,459,927</u>
LIABILITIES			
Current liabilities	4,044,507	(1,162,294)	2,882,213
Due in more than one year	320,762	93,912	414,674
Pension liability	6,114,877	(403,999)	5,710,878
Total liabilities	<u>10,480,146</u>	<u>(1,472,381)</u>	<u>9,007,765</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	13,323,028	4,939,740	18,262,768
Pension items	172,646	(74,994)	97,652
	<u>13,495,674</u>	<u>4,864,746</u>	<u>18,360,420</u>
NET POSITION			
Net investment in capital assets	60,052,841	(8,980,137)	69,032,978
Restricted	2,973,010	(10,329,424)	13,302,434
Unrestricted	37,524,492	(5,445,172)	42,969,664
Total net position	<u>\$ 100,550,343</u>	<u>\$ (24,754,733)</u>	<u>\$ 125,305,076</u>

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

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

	2017	Percentage	2016	Percentage	Variance
Revenues					
General					
Taxes					
Property	\$ 18,330,921	52.0%	\$ 22,016,001	56.8%	\$ (3,685,080)
Sales	4,304,493	12.2%	9,661,435	24.9%	(5,356,942)
Other	4,651,181	13.2%	2,350,313	6.1%	2,300,868
Other grants and contributions	150,343	0.4%	522,930	1.3%	(372,587)
Payments in lieu of taxes	737,099	2.1%	751,779	1.9%	(14,680)
Unrestricted interest earnings	186,461	0.6%	213,870	0.6%	(27,409)
Miscellaneous	43,974	0.1%	54,003	0.1%	(10,029)
Program Revenues					
Charges for services	1,000,317	2.8%	739,546	1.9%	260,771
Operating grants and contributions	882,450	2.6%	955,202	2.6%	(72,752)
Capital grants contributions	4,936,378	14.0%	1,480,060	3.8%	3,456,318
Total revenues	<u>35,223,617</u>	<u>100.0%</u>	<u>38,745,139</u>	<u>100.0%</u>	<u>(3,521,522)</u>
Expenses					
General government	17,789,128	29.7%	9,758,057	41.9%	8,031,071
Public safety	6,374,171	10.6%	5,922,878	25.5%	451,293
Public works	7,826,284	13.1%	6,712,936	28.8%	1,113,348
Health, welfare, and recreation	27,839,617	46.4%	743,606	3.2%	27,096,011
Conservation of natural resources	141,931	0.2%	131,977	0.6%	9,954
Interest on long-term debt	7,219	0.0%	9,477	0.0%	(2,258)
Total expenses	<u>59,978,350</u>	<u>100.0%</u>	<u>23,278,931</u>	<u>100.0%</u>	<u>36,699,419</u>
Changes in net position	(24,754,733)		15,466,208		<u>\$ (40,220,941)</u>
Net position, beginning of year	<u>125,305,076</u>		<u>109,838,868</u>		
Net position, end of year	<u>\$ 100,550,343</u>		<u>\$ 125,305,076</u>		

Financial Analysis of the County's Funds

The County's activities are contained in the General, County Roads, Special Purpose Tax, and Capital Projects and other non-major funds. As previously mentioned, the focus of the County's governmental funds is to provide information on the near-term inflows, outflows and balances of expendable resources.

At June 30, 2017, the County's governmental funds reported combined fund balances of \$43,355,617.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017
(Unaudited)

Financial Analysis of the County's Funds (Continued)

The General Fund is the main operating fund of the County. As of June 30, 2017, the total fund balance was \$25,864,077, while the unassigned General Fund balance was \$7,622,902.

The County Road Fund is used to account for the construction and maintenance of the County roads other than those financed by the General Fund. As of June 30, 2017, the County Road Fund showed a fund balance of \$8,233,473.

The Special Purpose Tax Fund is used to account for the proceeds and disbursements for the special tax levied for the construction of projects of the Converse County Library and the Eastern Wyoming College campus. These projects were completed during the fiscal year ended June 30, 2017. The County contributed \$21,443,454 and \$5,975,294 from construction in progress and buildings and improvements to the Converse County Library and the Eastern Wyoming College, respectively. Remaining funds of \$7,180,982 were contributed to the Converse County Library.

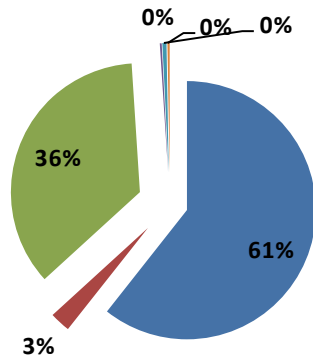
The Capital Projects Fund is used to account for major construction projects at the County.

Revenues for governmental funds were approximately \$35.2 million for the fiscal year ended June 30, 2017. The following schedule presents revenues by source.

Revenues	2017	Percentage	2016	Percentage	Variance
Taxes	\$ 21,333,731	60.6%	\$ 28,017,190	72.4%	\$ (6,683,459)
Licenses and permits	916,555	2.6%	640,623	1.7%	275,932
Intergovernmental revenues	12,583,220	35.8%	9,692,182	25.0%	2,891,038
Charges for services	83,762	0.2%	91,617	0.2%	(7,855)
Investment income	180,948	0.5%	209,658	0.5%	(28,710)
Miscellaneous	92,546	0.3%	63,942	0.2%	28,604
Total revenues	\$ 35,190,762	100.0%	\$ 38,715,212	100.0%	\$ (3,524,450)

Revenue

- Taxes
- Licenses and permits
- Intergovernmental revenues
- Charges for services
- Investment income
- Miscellaneous



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017
(Unaudited)

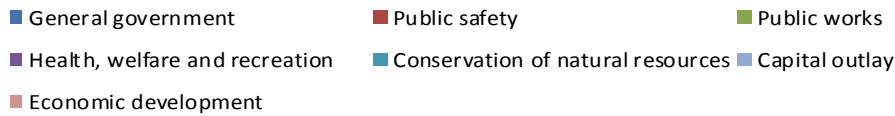
Financial Analysis of the County's Funds (Continued)

Expenditures for governmental funds were \$50,064,811 million for fiscal year 2017.

The following schedule presents expenditures by activities.

Expenditures	2017	Percentage	2016	Percentage	Variance
Current					
General government	\$ 10,168,222	20.3%	\$ 11,629,835	24.5%	\$ (1,461,613)
Public safety	5,384,133	10.8%	5,100,039	10.7%	284,094
Public works	3,493,798	7.0%	3,961,515	8.3%	(467,717)
Health, welfare and recreation	7,708,929	15.4%	542,714	1.1%	7,166,215
Conservation of natural resources	135,156	0.3%	121,643	0.3%	13,513
Economic development	-	0.0%	4,347	0.0%	(4,347)
Debt Service					
Principal	72,839	0.1%	70,580	0.1%	2,259
Interest	7,219	0.0%	9,477	0.0%	(2,258)
Capital outlay	23,094,515	46.1%	26,048,285	55.0%	(2,953,770)
Total expenditures	\$ 50,064,811	100.0%	\$ 47,488,435	100.0%	\$ 2,576,376

Expenses



General Fund revenue for Fiscal Year 2017 decreased 9% from the prior year, falling \$3.5 million. Property tax revenue decreased with a shrinking county-wide valuation, which fell from a record-high \$1.8 billion for tax year 2015 to \$1.5 billion in tax year 2016. The valuation drop coincided with the contraction of activity in the energy sector, with coal valuation dropping from \$231 million to \$158 million and oil production value falling from \$695 million to \$395 million. The result was a 17% decrease in property tax revenue to the General Fund, which received \$18.2 million in Fiscal Year 2017, following record revenue of \$22 million in FY 2016.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Sales tax revenue also continued to fall as the overall county economy contracted. Overall sales tax revenues to the General Fund fell from \$3.4 million in Fiscal Year 2016 to \$2.6 million in Fiscal Year 2017, a decrease of 23%. The majority of the decrease came in the Mining sector, which recorded \$12.7 million in county-wide sales tax revenue in FY 2016 and only \$9.2 million in FY 2017, a 28% drop. Retail Trade was the only major sector that saw an increase from FY 2016 to FY 2017, rising 24%, from \$6.2 million to \$7.7 million.

The decrease in revenues to the General Fund required a reduction in spending. While overall expenses increased from \$47.5 million in FY 2016 to \$50 million in FY 2017, the rise was due to spending on the construction of the Joint Justice Center, which is scheduled to be completed in March 2018. Expenditures outside of the capital project actually decreased 8%, from \$21.4 million in FY 2016 to \$19.8 million in FY 2017.

The largest decrease in spending from the prior year was the amount transferred to other funds, especially reserve funds. In Fiscal Year 2016, the county transferred \$17.7 million from the General Fund to the Joint Justice Construction Fund. In FY 2017, transfers to other funds totaled \$8.1 million; \$3.9 to the Capital Projects Fund, \$4.1 million to County Roads Fund and \$100,000 for the salary reserve within the General Fund.

At June 30, 2017, the county had significantly fewer dollars in reserve compared to the prior year due to the spending from the Building Reserve on the Joint Justice Center. The Building Reserve held \$25 million at the end of FY 2016 and only \$12.9 million ending FY 2017. Overall, the county had \$33.4 million in reserves at the FY 2016 year end and \$20.87 million at the end of FY 2017.

Reserves	Total
Operating Reserve	\$ 3,522,049
Building Reserve	\$12,979,403
Equipment Reserve	\$ 3,327,478
Salary Reserve	<u>\$ 1,041,222</u>
Total Reserves:	<u>\$20,870,152</u>

Reserves are internally restricted, designated by a resolution of the County Commissioners, and may be expended or allocated differently by resolution.

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2017 was approximately \$62 million (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment.

In Fiscal Year 2017, the County continued to address road projects, budgeting \$1,000,000 for Brownfield Road, \$96,500 for Anderson Dairy Road, \$3,535,000 for Irvine Road, \$2,250,000 for Jenne Trail, \$100,000 for Coulter Trail and \$2,100,000 for other roads as needed.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

Capital Assets (Continued)

Funding for the road projects came from a variety of sources, including fuel taxes and direct distributions from the State of Wyoming.

Several new equipment purchases were also funded in the Fiscal Year 2017 budget, including two new patrol vehicles for the Sheriff's Office, and a skeleton bucket, used skid steer loader, end dump box and scraper for Road and Bridge. The budget for equipment purchases totaled \$1,041,222.

Additional information on the Converse County's capital assets can be found in Note 5.

Debt Administration

At the end of the current fiscal year, Converse County had debt of \$8,609,883 from property tax repayments, construction retainage, capital leases, incurred but not reported claims payable, compensated absences, and net pension liability. Pension liability represents the County's proportional share of the State of Wyoming Retirement System plan's unfunded pension liability, the statewide cost-sharing multiple-employer public retirement plan. The pension liability was \$6,114,877, \$5,710,878, and \$3,691,461 as of June 30, 2017, 2016, and 2015, respectively.

Fiscal year 2017 Budget

Even though property tax and sales tax revenues were forecast to decline, the county managed to not only hit its revenue targets for Fiscal Year 2017 but exceed them by \$1,774,081. The FY 2017 budget included \$26,896,486 in estimated General Fund revenues and the actual amount at year end was \$28,670,567.

The excess revenues came from several sources, including:

Wind Production Tax:	\$500,000 Budget	\$1,097,908 Actual	\$597,908 Excess
Special Fuel Tax:	\$300,000 Budget	\$ 688,792 Actual	\$368,792 Excess
Motor Vehicle Tax:	\$550,000 Budget	\$ 819,482 Actual	\$269,482 Excess
Payment in lieu of Tax:	\$400,000 Budget	\$ 737,099 Actual	\$337,099 Excess

Property taxes continue to account for the majority of General Fund revenue, accounting for \$18.2 million of the \$28.67 collected, or 64% of the total.

Although the County's valuation peaked at \$1.83 billion for 2015, lower prices for oil and gas and lower demand for coal caused the assessed valuation to fall 17% in 2016, to \$1.52 billion, and another 27% 2017, to \$1,110,252,314.

Next Year's Budget and Rates

The outlook for Fiscal Year 2019 has already improved. At mid-year, coal valuation was double what it was during the same period last year and both oil prices and production have increased. The county valuation is expected to increase for 2018, putting an end to a three-year slide.

Sales tax revenues have also been promising. December 2017 collections county-wide reached \$6.4 million, the highest total since April 2015 and collections in the Mining sector have averaged \$1.84 million per month this fiscal year, compared to \$764,000 in Fiscal Year 2017.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

Economic Factors

The County has experienced a decrease in taxable valuations.

2017 Taxable Value	\$1,110,252,314
2016 Taxable Value	\$1,521,897,271
2015 Taxable Value	\$1,833,614,182
2014 Taxable Value	\$1,407,977,674
2013 Taxable Value	\$1,168,956,285
2012 Taxable Value	\$1,003,112,636
2011 Taxable Value	\$ 851,310,494

Economic Factors (Continued)

The valuation decreases have been driven by economic pressures on the resource extraction industry. The valuation on coal, oil, gas and uranium all saw significant decreases from tax year 2016 to tax year 2017.

<u>Mineral</u>	<u>2016 Value</u>	<u>2017 Value</u>
Coal	\$231,733,939	\$158,189,068
Oil	\$694,956,316	\$395,523,045
Gas	\$ 89,110,848	\$ 50,499,834
Uranium	\$ 23,657,637	\$ 9,478,854

Expectations are that Coal, Oil and Gas valuation will all rebound in different degrees for 2018. The Uranium market, however, is likely to remain depressed.

Even through the economic downturn, when several companies filed for bankruptcy, the county maintains a high rate of tax collections, consistently around 99%.

Tax Year	Taxes Levied	Taxes Collected	Percent of Levy Collected	Cancellations and Supplements	Outstanding Delinquent Taxes	Delinquent as % of Total Levy
2003	\$20,626,098	\$20,832,963	101.00%	\$210,524	\$3,660	0.02%
2004	\$24,684,439	\$24,863,861	100.73%	\$181,038	\$1,616	0.01%
2005	\$26,177,775	\$26,307,809	100.50%	\$131,595	\$1,561	0.01%
2006	\$27,971,598	\$28,080,514	100.39%	\$111,247	\$2,331	0.01%
2007	\$30,842,505	\$31,804,727	103.12%	\$981,935	\$19,712	0.06%
2008	\$35,446,303	\$35,552,612	100.30%	\$121,570	\$15,260	0.04%
2009	\$42,413,733	\$42,411,683	100.00%	\$3,495	\$5,546	0.01%
2010	\$42,660,071	\$42,816,683	100.37%	\$184,780	\$28,168	0.07%
2011	\$51,067,911	\$51,001,704	99.87%	-\$46,321	\$19,886	0.04%
2012	\$60,249,485	\$60,058,375	99.68%	-\$163,336	\$27,774	0.05%
2013	\$70,127,478	\$69,902,991	99.68%	-\$193,725	\$30,762	0.04%
2014	\$83,608,518	\$83,205,945	99.52%	-\$372,634	\$29,939	0.04%
2015	\$108,450,658	\$108,047,957	99.63%	-\$331,810	\$70,891	0.07%
2016	\$90,085,961	\$89,556,368	99.41%	-\$258,858	\$270,735	0.30%
2017	\$66,372,818	n/a	n/a	n/a	n/a	n/a

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

(Unaudited)

Property tax repayments

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

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

As of June 30, 2017, the County was required to pay back \$121,648 in property taxes over the next four years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 12% of that total, or \$16,103.

Conclusion

The above discussion and analysis is presented to provide additional information regarding the activities of the County and also to meet the disclosure requirements. We believe that all requirements of governmental GAAP have been met as it applies to the County. This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. If you have questions about the report or need additional financial information, contact Converse County's Treasurer at 107 N 5th Street, Suite 129, Douglas, Wyoming 82633.

Three of the County's component units issue financial statements. Financial statements can be obtained for the Memorial Hospital of Converse County, the Converse County Airport Board and the Converse County Weed and Pest District by contacting each entity directly.

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BASIC FINANCIAL STATEMENTS

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CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government		Component
	Governmental	Total	Units
	Activities		Total
ASSETS			
Cash and cash equivalents	\$ 27,961,181	\$ 27,961,181	\$ 11,871,818
Investments	15,097,111	15,097,111	981,976
Property and other taxes receivable	13,526,581	13,526,581	885,115
Accounts receivable, net	22,965	22,965	8,342,246
Due from other governments	2,200,778	2,200,778	57,112
Due from primary government	-	-	349,220
Other current assets	-	-	803,038
Prepaid items	209,195	209,195	-
Inventory	-	-	1,224,335
Restricted cash and cash equivalents	1,349,771	1,349,771	7,104,507
Restricted investments	-	-	6,683,873
Notes receivable	13,315	13,315	-
Investment in limited liability companies	-	-	309,150
Beneficial interest in assets held by others	-	-	239,450
Capital assets not being depreciated	26,844,749	26,844,749	5,734,678
Capital assets being depreciated, net of accumulated depreciation	35,149,126	35,149,126	50,253,065
Total assets	<u>122,374,772</u>	<u>122,374,772</u>	<u>94,839,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	-	295,353
Pension items	2,151,391	2,151,391	284,049
Total deferred outflows of resources	<u>2,151,391</u>	<u>2,151,391</u>	<u>579,402</u>
LIABILITIES			
Accounts payable and accrued liabilities	166,094	166,094	3,624,924
Cash held for others	309,771	309,771	-
Refundable advances	5,178	5,178	-
Due to component units	349,220	349,220	-
Construction deposit	1,040,000	1,040,000	-
Noncurrent liabilities			
Due within one year	2,174,244	2,174,244	1,324,001
Due in more than one year	320,762	320,762	7,814,314
Net pension liability	6,114,877	6,114,877	909,865
Total liabilities	<u>10,480,146</u>	<u>10,480,146</u>	<u>13,673,104</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	13,323,028	13,323,028	850,453
Pension items	172,646	172,646	51,186
Total deferred inflows of resources	<u>13,495,674</u>	<u>13,495,674</u>	<u>901,639</u>
NET POSITION			
Net investment in capital assets	60,052,841	60,052,841	48,537,433
Restricted by			
State statutes (W.S. 24-2-110)	2,456,333	2,456,333	-
Grantors and others	516,677	516,677	-
Voters	-	-	6,986,055
Expendable	-	-	487,283
Nonexpendable	-	-	581,927
Unrestricted	37,524,492	37,524,492	24,251,544
Total net position	<u>\$ 100,550,343</u>	<u>\$ 100,550,343</u>	<u>\$ 80,844,242</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 17,789,128	\$ 884,019	\$ 264,963	\$ 8,100
Public safety	6,374,171	38,708	146,832	4,024,034
Public works	7,826,284	-	275,171	903,247
Health, welfare, and recreation	27,839,617	77,590	195,484	997
Conservation of natural resources	141,931	-	-	-
Interest on long-term debt	7,219	-	-	-
Total governmental activities	<u>59,978,350</u>	<u>1,000,317</u>	<u>882,450</u>	<u>4,936,378</u>
Total primary government	<u>\$ 59,978,350</u>	<u>\$ 1,000,317</u>	<u>\$ 882,450</u>	<u>\$ 4,936,378</u>
Component units	<u>\$ 62,657,892</u>	<u>\$ 56,113,857</u>	<u>\$ 9,715,911</u>	<u>\$ 18,091,804</u>

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

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units Totals
Governmental Activities	Total	
\$ (16,632,046)	\$ (16,632,046)	\$ -
(2,164,597)	(2,164,597)	-
(6,647,866)	(6,647,866)	-
(27,565,546)	(27,565,546)	-
(141,931)	(141,931)	-
(7,219)	(7,219)	-
<u>(53,159,205)</u>	<u>(53,159,205)</u>	<u>-</u>
<u>(53,159,205)</u>	<u>(53,159,205)</u>	<u>-</u>
-	-	21,263,680
18,330,921	18,330,921	908,450
4,304,493	4,304,493	-
4,651,181	4,651,181	-
150,343	150,343	-
737,099	737,099	-
186,461	186,461	339,711
43,974	43,974	70,112
<u>28,404,472</u>	<u>28,404,472</u>	<u>1,318,273</u>
(24,754,733)	(24,754,733)	22,581,953
<u>125,305,076</u>	<u>125,305,076</u>	<u>58,262,289</u>
<u>\$ 100,550,343</u>	<u>\$ 100,550,343</u>	<u>\$ 80,844,242</u>

CONVERSE COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	County Roads Fund	Special Purpose Tax Fund
ASSETS			
Cash and cash equivalents	\$ 12,358,557	\$ 6,188,958	\$ -
Investments	12,682,585	1,802,034	-
Property and other taxes receivable	13,522,358	-	-
Accounts receivable	-	-	-
Due from other governments	1,589,725	256,390	-
Due from other funds	19,843	-	-
Prepaid expense	62,880	-	-
Restricted cash	309,771	-	-
Note receivable	13,315	-	-
Total assets	<u>\$ 40,559,034</u>	<u>\$ 8,247,382</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 136,441	\$ 438	\$ -
Due to component units	349,220	-	-
Due to other funds	1,922	13,471	-
Cash held for others	309,771	-	-
Refundable advances	-	-	-
Construction deposit	-	-	-
Total liabilities	<u>797,354</u>	<u>13,909</u>	<u>-</u>
Deferred inflows of resources			
Unavailable property tax revenue	13,367,603	-	-
Unavailable wind tax revenue	530,000	-	-
Total deferred inflows of resources	<u>13,897,603</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	73,400	-	-
Restricted			
Special revenue funds	-	-	-
County road construction	-	2,456,333	-
Committed			
Economic development	240,555	-	-
Special revenue funds	-	-	-
Justice Center	-	-	-
County road construction	-	5,777,140	-
Assigned	17,927,220	-	-
Unassigned	7,622,902	-	-
Total fund balances	<u>25,864,077</u>	<u>8,233,473</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,559,034</u>	<u>\$ 8,247,382</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Capital Projects Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 8,064,463	\$ 735,872	\$ 27,347,850
-	-	14,484,619
-	4,223	13,526,581
-	22,965	22,965
345,585	9,078	2,200,778
-	1,164	21,007
-	107,234	170,114
1,040,000	-	1,349,771
-	-	13,315
<u>\$ 9,450,048</u>	<u>\$ 880,536</u>	<u>\$ 59,137,000</u>

\$ 18,524	\$ 1,908	\$ 157,311
-	-	349,220
-	5,614	21,007
-	-	309,771
-	5,178	5,178
1,040,000	-	1,040,000
<u>1,058,524</u>	<u>12,700</u>	<u>1,882,487</u>

-	1,293	13,368,896
-	-	530,000

-	1,293	13,898,896
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-	107,234	180,634
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-	516,677	516,677
-	-	2,456,333

-	-	240,555
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-	116,755	116,755
---	---------	---------

8,391,524	-	8,391,524
-----------	---	-----------

-	-	5,777,140
---	---	-----------

-	70,771	17,997,991
---	--------	------------

-	55,106	7,678,008
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<u>8,391,524</u>	<u>866,543</u>	<u>43,355,617</u>
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<u>\$ 9,450,048</u>	<u>\$ 880,536</u>	<u>\$ 59,137,000</u>
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CONVERSE COUNTY, WYOMING

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

June 30, 2017

Total fund balances - governmental funds		\$ 43,355,617
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total capital assets reported in the government-wide statements.		
		61,993,875
Since the focus of governmental fund statements is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by unavailable revenue in the governmental funds and are not included in the governmental fund balances.		
Unavailable property and wind tax revenue		575,868
An internal service fund is used by management to charge the cost of medical insurance to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		966,121
Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds.		
Pension plan items - deferred outflows of resources	\$ 2,151,391	
Pension plan items - deferred inflows of resources	(172,646)	1,978,745
Long-term liabilities exceed the amount that is due and payable in the current period and are not reported in the governmental funds.		
Property tax debt related to change in valuation	(16,103)	
Retainage	(1,788,288)	
Capital leases	(152,746)	
Compensated absences	(247,869)	
Net pension liability	(6,114,877)	(8,319,883)
Net position of governmental activities		\$ 100,550,343

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	County Roads Fund	Special Purpose Tax Fund
Revenues			
Taxes	\$ 21,326,135	-	\$ 4,626
Licenses and permits	916,555	-	-
Intergovernmental revenues	6,672,801	1,351,525	-
Charges for services	83,762	-	-
Investment income	119,948	21,480	14,476
Miscellaneous revenues	92,488	-	-
Total revenues	<u>29,211,689</u>	<u>1,373,005</u>	<u>19,102</u>
Expenditures			
Current			
General government	10,075,061	-	-
Public safety	4,902,477	-	-
Public works	3,493,798	-	-
Health, welfare and recreation	441,138	-	7,180,982
Conservation of natural resources	135,156	-	-
Economic development	-	-	-
Debt Service			
Principal	72,839	-	-
Interest	7,219	-	-
Capital outlay	368,360	5,453,245	2,652,031
Total expenditures	<u>19,496,048</u>	<u>5,453,245</u>	<u>9,833,013</u>
Excess (deficiency) of revenues over expenditures	<u>9,715,641</u>	<u>(4,080,240)</u>	<u>(9,813,911)</u>
Other financing sources (uses)			
Transfers in	140,000	4,130,907	-
Transfers out	<u>(8,135,848)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,995,848)</u>	<u>4,130,907</u>	<u>-</u>
Net changes in fund balances	1,719,793	50,667	(9,813,911)
Fund balances, beginning of year	<u>24,144,284</u>	<u>8,182,806</u>	<u>9,813,911</u>
Fund balances, end of year	<u>\$ 25,864,077</u>	<u>\$ 8,233,473</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Capital Projects Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ 2,970	\$ 21,333,731
-	-	916,555
4,024,034	534,860	12,583,220
-	-	83,762
23,545	1,499	180,948
-	58	92,546
<u>4,047,579</u>	<u>539,387</u>	<u>35,190,762</u>
-	93,161	10,168,222
-	481,656	5,384,133
-	-	3,493,798
-	86,809	7,708,929
-	-	135,156
-	-	-
-	-	72,839
-	-	7,219
14,620,879	-	23,094,515
<u>14,620,879</u>	<u>661,626</u>	<u>50,064,811</u>
<u>(10,573,300)</u>	<u>(122,239)</u>	<u>(14,874,049)</u>
3,864,941	-	8,135,848
-	-	(8,135,848)
<u>3,864,941</u>	<u>-</u>	<u>-</u>
(6,708,359)	(122,239)	(14,874,049)
15,099,883	988,782	58,229,666
<u>\$ 8,391,524</u>	<u>\$ 866,543</u>	<u>\$ 43,355,617</u>

CONVERSE COUNTY, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (14,874,049)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These changes are detailed as follows:

Capital asset acquisitions expended in the governmental funds	\$ 23,237,106	
Contribution of assets	(27,269,336)	
Loss on disposal of assets	(67,514)	
Depreciation expense for the year	<u>(5,537,017)</u>	(9,636,761)

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

Deferred outflows - pension plan items - prior year	(2,459,927)	
Deferred outflows - pension plan items - current year	2,151,391	
Deferred inflows - pension plan items - prior year	97,652	
Deferred inflows - pension plan items - current year	<u>(172,646)</u>	(383,530)

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

Prior year property tax debt related to change in valuation	19,607	
Current year property tax debt related to change in valuation	(16,103)	
Prior year retainage payable	583,785	
Prior year liability for capital leases	225,585	
Current year liability for capital leases	(152,746)	
Prior year liability for compensated absences	267,470	
Current year liability for compensated absences	(247,869)	
Net pension liability - prior year	5,710,878	
Net pension liability - current year	<u>(6,114,877)</u>	275,730

An internal service fund is used by management to charge the cost of medical insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (153,461)

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

Wind production tax prior year	(520,000)	
Wind production tax current year	530,000	
Unavailable property tax revenue prior year	(38,530)	
Unavailable property tax revenue current year	<u>45,868</u>	<u>17,338</u>

Change in net position of governmental activities \$ (24,754,733)

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2017

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 613,331
Investments	612,492
Prepaid expense	39,081
Total assets	<u>1,264,904</u>
LIABILITIES	
Accounts payable	8,783
Claims payable	290,000
Total liabilities	<u>298,783</u>
NET POSITION	
Unrestricted	966,121
Total net position	<u>\$ 966,121</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2017

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 1,892,064
Total operating revenues	<u>1,892,064</u>
Operating expenses	
Medical costs	1,691,802
Stop loss insurance	359,236
Total operating expenses	<u>2,051,038</u>
Operating loss	<u>(158,974)</u>
Nonoperating revenue	
Interest income	5,513
Total nonoperating revenue	<u>5,513</u>
Change in net position	(153,461)
Net position, beginning of year	<u>1,119,582</u>
Net position, end of year	<u><u>\$ 966,121</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2017

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from other funds	\$ 1,892,064
Receipts from reinsurance	224,748
Payments to third party administrator for medical costs	(2,267,680)
Net cash used in operating activities	(150,868)
Cash flows from investing activities	
Interest received	5,513
Purchase of investments	(3,449)
Net cash provided by investing activities	2,064
Net decrease in cash and cash equivalents	(148,804)
Cash and cash equivalents, beginning of year	762,135
Cash and cash equivalents, end of year	\$ 613,331
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (158,974)
Adjustments to reconcile operating loss to cash provided by operating activities	
Increase (decrease) in cash and cash equivalents resulting from	
Prepaid expense	(8,287)
Accounts payable	(43,607)
Claims payable	60,000
Net cash used in operating activities	\$ (150,868)

See accompanying notes to the financial statements

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CONVERSE COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2017**

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,186,396
Property taxes receivable	961,857
Due from other governments	<u>81,735</u>
Total assets	<u><u>\$ 2,229,988</u></u>
LIABILITIES	
Due to component units	\$ 7,362
Due to other governments	1,265,383
Deferred revenue	<u>957,243</u>
Total liabilities	<u><u>\$ 2,229,988</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2017

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 166,686	\$ 8,482,468	\$ 2,528,093
Investments	649,813	275,537	-
Property taxes receivable	-	-	868,390
Accounts receivable, net	-	8,178,919	153,606
Due from other governments	57,112	-	-
Due from primary government	-	120,833	-
Other current assets	1,178	801,860	-
Inventory	-	913,401	310,934
Restricted cash and cash equivalents	-	-	-
Restricted investments, long-term	30,000	6,510,930	-
Other assets	-	309,150	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	3,149,277	2,472,801	12,000
Capital assets being depreciated, net of accumulated depreciation	7,261,460	26,169,733	368,099
Total assets	<u>11,315,526</u>	<u>54,235,632</u>	<u>4,241,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	295,353	-
Pension items	43,474	-	52,284
Total deferred outflows of resources	<u>43,474</u>	<u>295,353</u>	<u>52,284</u>
LIABILITIES			
Accounts payable and accrued liabilities	11,981	3,525,828	77,103
Noncurrent liabilities			
Due within one year	71,026	1,248,600	-
Due in more than one year	-	7,732,349	36,552
Net pension liability	67,214	-	206,106
Total liabilities	<u>150,221</u>	<u>12,506,777</u>	<u>319,761</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	-	-	850,453
Pension items	2,007	-	10,410
Total deferred inflows of resources	<u>2,007</u>	<u>-</u>	<u>860,863</u>
NET POSITION			
Net investment in capital assets	10,339,711	21,284,350	380,099
Restricted by donors, nonexpendable	-	-	-
Restricted by donors and others, expendable	30,000	-	408,740
Restricted by voters	-	-	-
Unrestricted	837,061	20,739,858	2,323,943
Total net position	<u>\$ 11,206,772</u>	<u>\$ 42,024,208</u>	<u>\$ 3,112,782</u>

See accompanying notes to the financial statements

County Library	Total
\$ 694,571	\$ 11,871,818
56,626	981,976
16,725	885,115
9,721	8,342,246
-	57,112
228,387	349,220
-	803,038
-	1,224,335
7,104,507	7,104,507
142,943	6,683,873
-	309,150
239,450	239,450
100,600	5,734,678
<u>16,453,773</u>	<u>50,253,065</u>
<u>25,047,303</u>	<u>94,839,583</u>
-	295,353
188,291	284,049
<u>188,291</u>	<u>579,402</u>
10,012	3,624,924
4,375	1,324,001
45,413	7,814,314
636,545	909,865
<u>696,345</u>	<u>13,673,104</u>
-	850,453
38,769	51,186
<u>38,769</u>	<u>901,639</u>
16,533,273	48,537,433
581,927	581,927
48,543	487,283
6,986,055	6,986,055
350,682	24,251,544
<u>\$ 24,500,480</u>	<u>\$ 80,844,242</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2017

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
County Airport	\$ 797,929	\$ 59,209	\$ 78,104	\$ 410,095
County Hospital	57,912,190	55,592,738	1,525,094	525,000
Weed and Pest Control District	1,417,959	449,753	-	-
County Library	2,529,814	12,157	8,112,713	17,156,709
	\$ 62,657,892	\$ 56,113,857	\$ 9,715,911	\$ 18,091,804
		General Revenues		
		Property taxes		
		Unrestricted investment income		
		Miscellaneous		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

County Airport	County Hospital	Weed and Pest Control District	County Library	Totals
\$ (250,521)	\$ -	\$ -	\$ -	\$ (250,521)
-	(269,358)	-	-	(269,358)
-	-	(968,206)	-	(968,206)
-	-	-	22,751,765	22,751,765
(250,521)	(269,358)	(968,206)	22,751,765	21,263,680
439	2,340	891,317	14,354	908,450
6,330	267,644	22,209	43,528	339,711
5,514	64,260	204	134	70,112
12,283	334,244	913,730	58,016	1,318,273
(238,238)	64,886	(54,476)	22,809,781	22,581,953
11,445,010	41,959,322	3,167,258	1,690,699	58,262,289
\$ 11,206,772	\$ 42,024,208	\$ 3,112,782	\$ 24,500,480	\$ 80,844,242

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1. Nature of Operations and Significant Accounting Policies

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

Financial Reporting Entity

The County (primary government) is a municipal corporation governed by five elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge maintenance and operation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations, and so data from those units would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combining statements for major component units to emphasize it is legally separate from the County. The County has no blended component units. Each discretely presented component unit has a June 30 year end. For tax filing purposes, the Converse County Library Foundation has a December 31 year end; however, for financial reporting purposes the Foundation utilizes a June 30 year end.

Discretely Presented Component Units

- The *Converse County Airport Board* (“County Airport” or “Airport”) provides and maintains aviation facilities for the County. The Airport Board is fiscally dependent upon the County. The Board of Commissioners approves the Airport’s budget and must approve any debt issuances. Additionally, the Airport receives funding from the County’s general fund. Separate audited financial statements can be obtained from the Board’s administrative offices located in Douglas, Wyoming.
- The *Memorial Hospital of Converse County* (“County Hospital” or “Hospital”) provides and maintains a hospital facility for Converse County. The Hospital is fiscally dependent upon the County. The Board of Commissioners approves the Hospital’s budget, and the Hospital receives funding from the County’s general fund. Separate audited financial statements of the Hospital can be obtained from the Hospital’s administrative offices located in Douglas, Wyoming.
- The *Converse County Weed and Pest Control District* (“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. The Board of Commissioners approves the District’s budget and levies taxes on behalf of the District. Separate audited financial statements of the District can be obtained from the District’s administrative offices located in Douglas, Wyoming.
- The *Converse County Library* (“County Library” or “Library”) maintains and manages the operations of the County Library and library system. The Library is fiscally dependent upon the County. The Board of Commissioners approves the Library’s budget and must approve any debt issuances. Additionally, the Library receives funding from the County’s general fund. The County Library includes the financial data of its component unit, the Converse County Library Foundation. The Library does not issue separate audited financial statements.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

Jointly Governed Organization

The Converse County Fire Suppression Authority was formed by the Converse County Municipal and Joint Powers Board consisting of the County Commissioners, the City of Douglas, Wyoming, the Town of Glenrock, Wyoming, the Town of Rolling Hills, Wyoming, and the Town of Lost Springs, Wyoming. The Converse County Municipal and Joint Powers Board is a separate legal entity created in accordance with the provisions of the Wyoming Joint Powers Act. During the fiscal year ended June 30, 2017, the County allocated \$1,184,017 to the Converse County Fire Suppression Authority.

Government-wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

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

County Roads Fund is a capital projects fund and is used to account for the acquisition and construction of county roads other than those financed by proprietary funds and trust funds.

Special Purpose Tax Fund is a special revenue fund and is used to account for the proceeds and disbursements of the special purpose tax approved for specific projects.

Capital Projects Fund is used to account for major construction projects at the County. The construction is financed from transfers from the General Fund.

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

The *Agency Fund* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary fund are reimbursements from other funds for medical costs. Operating expenses for the proprietary fund include medical costs and insurance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

Investments and Restricted Investments

The County follows the guidelines described in Wyoming Statute 9-4-831 as it relates to the investment of public funds. Wyoming Statutes authorize the types of investments in which counties may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government. The County's investments consist of certificates of deposit valued at amortized cost, government sponsored enterprise securities (GSEs) notes, Wyoming Government Investment Fund (WGIF), participation in WYO-STAR, and money market accounts.

WGIF investment pool was established on or after July 1, 1996 according to the Wyoming Statutory Trust Act. Shares of the fund are offered exclusively to Wyoming governmental entities. WGIF Liquid Asset Series is rated AAAM by Standard & Poor's. WGIF Liquid Asset Series seeks to maintain a stable net asset value of \$1.00 and is managed to a maximum weighted average maturity to reset of 60 days.

WYOSTAR is an authorized government investment pool offered exclusively to Wyoming Governmental entities by the Wyoming State Treasurer's Office. The value of the County's investments in WYO-STAR equals the value of its WYO-STAR shares. Each participant's position in the WYO-STAR investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date. WYO-STAR investments consist of short-term bonds and cash with a weighted average maturity which does not exceed 90 days, with a benchmark using Bank of America 3 month U.S. T-Bills index.

The County's restricted cash and cash equivalents include funds held for others and a deposit from the City of Douglas for the construction of the Joint Justice Center.

The component units' investments are all certificates of deposit and have investments restricted by donors. The Library Foundation is a component unit of the Library and is a 501(c)3 organization that is not subject to the state statutes which restrict investments to governmental securities. The component units do not have their own investment policies.

Certain debt covenants require the Memorial Hospital of Converse County to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt. Memorial Hospital of Converse County's restricted investments, long-term certificates of deposit and cash are pledged as collateral on the note payable.

Receivables and Payables

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

Receivables and Payables (Continued)

Memorial Hospital of Converse County provides an allowance on uncollectible self-pay and miscellaneous commercial insurance accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. Self-pay accounts are analyzed for collectability based on the months past due and payment history. An allowance is estimated for these accounts based on the historical experience of the Hospital. Accounts that are determined to be uncollectible are sent to the collection agency and written off at that time. At June 30, 2017, the allowance for uncollectible accounts was approximately \$1,831,581. Recoveries of accounts previously written off as uncollectible are netted against the current year's expense.

Memorial Hospital of Converse County serves patients in an area including, but not limited to Converse County, Wyoming. Although Memorial Hospital of Converse County's patient accounts receivable are diversified, and consist of numerous immaterial balances, the Hospital is dependent on the third party payors (insurance companies and government programs) as well as self-pay patients to satisfy those obligations. The ability of patients to pay their obligations is dependent largely upon the energy and agricultural sectors of the economy. The approximate mix of receivables from patients and third-party payors at June 30, 2017, was 24%, 8%, 4%, 28%, and 36% Medicare, Medicaid, other, insurance, and patients, respectively.

Notes Receivable

Notes receivable represent the County's Economic Development loans. These loans are based on written agreements between the County and various loan recipients. As of June 30, 2017, the loans are reported net of an allowance for uncollectible debt in the approximate amount of \$198,000.

Other Assets

Other assets include Memorial Hospital of Converse County's investment in a limited liability company in the amount of \$226,845 and an investment in an insurance exchange in the amount of \$82,305. Memorial Hospital of Converse County has a 40% controlling interest and net profit interest in Big County Rehabilitation, LLC. This investment is accounted for using the equity method. Accordingly, the carrying value is equal to the capital contribution Memorial Hospital of Converse County has made, adjusted for profits and losses, which are allocated to the members as provided in the operating agreements. Memorial Hospital of Converse County considers revenue generated from this LLC to be operating revenue.

Inventory

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are recorded at historical cost or at estimated historical cost if the actual historical cost is not available in the government-wide financial statements. Infrastructure assets include roads, bridges, culverts, and signs. The County's capitalization level for buildings, improvements, equipment, vehicles, furniture and fixtures is \$5,000.

Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

Primary Government	Years
Buildings and building improvements	15 - 30
Machinery, equipment and office fixtures	5 - 15
Infrastructure	20 - 30
Component Units	
Improvements other than buildings	20
Buildings, building improvements and runways	10 - 40
Machinery, equipment and office fixtures	3 - 15

Property and equipment donated for the Memorial Hospital of Converse County are valued at their estimated fair value at the date of the gift. Capital assets must possess the following characteristics: 1) be tangible in nature, 2) have a life longer than one year, and 3) value in excess of \$5,000. Capital asset purchases are accounted for as expenditures of the general fund and road construction fund in the governmental fund financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

Deferred Inflows and Outflows of Resources

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

Unavailable Revenues – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and wind tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, only property tax revenue is reported as deferred inflows of resources in the years the taxes are levied.

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

Pensions

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. The County’s property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but reported on the government-wide financial statements as revenues and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County. Collection and remittance of these taxes for other taxing districts are accounted for in the respective agency funds of the County. The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes exclusive of state revenue, except for the payment of public debt and interest thereon.

The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2017, was 12 mills, which means that the County has levied to the maximum amount available.

The County’s property tax receivable include \$530,000 wind tax receivable.

Major Taxpayers

The County's ten largest taxpayers account for approximately 46% of the County's total assessed property valuation. Eight of the ten taxpayers are involved in mineral extraction industry; one is a power producer and one is a railroad company. The County received approximately 21% of its total revenues from these taxpayers.

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2017.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

Compensated Absences

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

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

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

Fund Equity

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

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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

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

Charity Care

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

Net Patient Service Revenue

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

Memorial Hospital of Converse County has agreements with third-party payors that provide for payments to the Memorial Hospital of Converse County at amounts different from its established rates.

A summary of the payment arrangements with Medicare is as follows:

- Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Memorial Hospital of Converse County is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Memorial Hospital of Converse County and audits thereof by the Medicare fiscal intermediary. Effective May 1, 2002, Memorial Hospital of Converse County received the designation as a Critical Access Hospital.
- Memorial Hospital of Converse County classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Memorial Hospital of Converse County. Memorial Hospital of Converse County's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2016.
- Inpatient services rendered to Medical program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Outpatient Medicaid services are reimbursed under the lower of usual or customary charge fee structure. During the fiscal year ending June 30, 2017, the hospital determined the reimbursement structure they had used in 2014 was incorrect and had inadvertently received more in reimbursements from Medicare than the Hospital had incurred. As such, the Hospital owed Medicare approximately \$160,000, which is reported as a liability on the statement of net position.

For the fiscal year ended June 30, 2017, Memorial Hospital of Converse County's gross patient service revenue was \$86,441,713 which was adjusted for contractual discounts of \$31,078,371 and charity care of \$1,197,972 resulting in net patient service revenue of \$54,165,370.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from estimates. The estimate of pension liabilities is specifically significant to the City. It is reasonably possible that these estimates will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

Budget

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

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels.

The County Commissioners and the governing Boards of the component units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects the approved budget.

Note 2. Deposits and Investments

Custodial Credit Risk – Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the County's deposits in excess of the Federal depository insurance amount be collateralized.

Deposits held in the County's bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County. As of June 30, 2017, the fiduciary funds had bank balances of \$1,186,396 which were fully collateralized or insured.

As of June 30, 2017, the carrying amount of the County's bank deposits was \$33,822,269 and the bank balance was \$34,953,759. The difference between the carrying amount and the bank balance is the result of the transactions in transit. The County's investments as of June 30, 2017 include certificates of deposits of \$8,436,152 all of which were covered by insurance or collateral held in joint custody with the financial institution.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Deposits and Investments (Continued)

As of June 30, 2017, the carrying amount of the County Airport's bank deposits was \$166,686 and the bank balance was \$166,686. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2017 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2017, the carrying amount of the County Hospital's bank deposits was \$15,268,935 and the bank balance was \$16,986,943. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2017 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2017, the carrying amount of the District's bank deposits was \$2,528,093 and the bank balance was \$2,762,545. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2017 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2017, the carrying amount of the County Library's bank deposits was \$7,711,685 and the bank balance was \$7,737,965. The difference between the carrying amount and the bank balance is the result of the transactions in transit. The Library also has certificates of deposit with a bank deposit and bank balance of \$199,569. All bank deposits at June 30, 2017 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2017, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
State Treasurer's Investment pools						
WYO-STAR	\$ 411,256	0.40%	\$ 411,256	\$ -	\$ -	Not rated
WGIF	1,778,313	0.78%-1.5%	1,778,313	-	-	AAAm
Money market	872,228		872,228	-	-	
Certificates of deposit	9,673,819	0% - 1.5%	8,510,045	1,163,774	-	N/A
GSE notes	2,361,495	.80% to 1.5%	-	2,361,495	-	
Total	<u>\$ 15,097,111</u>		<u>\$ 11,571,842</u>	<u>\$3,525,269</u>	<u>\$ -</u>	

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2017, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
Certificates of deposit	\$ 7,654,919	.10% - 1.85%	\$ 879,382	\$ -	\$6,775,537	N/A
Total	\$ 7,654,919		\$ 879,382	\$ -	\$6,775,537	

These investments are reported under the caption investments and restricted investments in the statement of net position. The Memorial Hospital of Converse County has certificates of deposit as well as \$10,930 cash reported as restricted investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal policy to address interest rate risk. The County's investments are held in external pooled investment accounts with a focus on liquidity and GSEs with varying maturities as a means of limiting its exposure to fair value losses arising from rising interest rates. As a means of limiting its exposure to fair value losses arising from interest rates the County attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Amounts held at WGIF are invested in Liquid Asset Series and are rated AAAM by Standard and Poor's. The U.S. Government sponsored enterprise securities and obligations are not specifically guaranteed by the U.S. Government. However, they are rated AAA/AA+ by Moody's and Standard and Poor's. Under the investment agreement with WYOSTAR, the County's interest is based on the ratio of the cash balance as a percentage of the total cash balance of the pool. Both the WGIF Liquid Asset Series. WGIF issues audited financial statements.

Concentration of Credit Risk

The County does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the County's total investments. The County accounts for all of its investment in a pooled account except for the medical insurance fund. At June 30, 2017, the County had 65% of its investments in certificates of deposit, 12% in WGIF, and 16% in government sponsored enterprises. The County's medical insurance fund had 67% of its investments in WYOSTAR and 33% in certificates of deposit. Of the certificates of deposit 88% are held one bank. The component units had 100% of their investments in certificates of deposit.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk; however, State statutes limit the type of investments the County can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the County’s exposure to custodial credit risk for its investments.

Fair Value of Investments

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

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2017:

WYO-STAR: Valued on level 2 inputs by which each participant’s position in the investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool’s total fair value as of any specific date.

Government sponsored enterprises (GSEs) notes: Valued using quoted prices for identical or similar assets in active markets.

Primary government investments

	Investments at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 2,361,495	\$ -	\$ 2,361,495
WYO-STAR investment pool	-	411,256	-	411,256
Total investments at fair value	\$ -	\$ 2,772,751	\$ -	\$ 2,772,751

Other investments reported in the following classifications

Certificates of deposit	9,673,819
Money market funds - WGIF	1,778,313
Money market funds - other	872,228
Total primary government investments	\$ 15,097,111

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3. Interfund Balances and Transfers

Interfund and intra-entity receivables and payables at June 30, 2017 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 19,843	\$ 1,922
County Roads Fund	-	13,471
Non Major Funds		
TANF Grant	1,164	-
Other Grants	-	1,164
WIC Grant	-	4,450
	<u>\$ 21,007</u>	<u>\$ 21,007</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 140,000	\$ 8,135,848
Capital Projects Fund	3,864,941	-
County Road Fund	4,130,907	
	<u>\$ 8,135,848</u>	<u>\$ 8,135,848</u>

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

Note 4. Beneficial Interest

Converse County Library Foundation transferred investments to the Wyoming Community Foundation specifying itself as the beneficiary. The Wyoming Community Foundation ("WCF") is a Wyoming not-for-profit organization. WCF established the Converse County Library Endowment fund to account for these permanently restricted contributions. WCF is required to make distributions of interest and dividend income to the Converse County Library Foundation and other contributions that might be made in the future for the benefit of the Converse County Library Foundation annually. The Converse County Library Foundation received distributions of \$8,530 during the year ended June 30, 2017. In accordance with the professional accounting standards, the Foundation recorded its beneficial interest in the WCF fund and recorded as permanently restricted those contributions received by the WCF for the benefit of the Foundation. Converse County Library Foundation's beneficial interest in assets held at WCF was \$239,450 as of June 30, 2017.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,731,317	\$ -	\$ -	\$ -	\$ 1,731,317
Construction in progress	25,079,272	24,150,719	24,116,559		25,113,432
Total capital assets, not being depreciated	<u>26,810,589</u>	<u>24,150,719</u>	<u>24,116,559</u>	<u>-</u>	<u>26,844,749</u>
Capital assets being depreciated					
Infrastructure	68,690,766	1,558,496	-	263,054	70,512,316
Buildings and building improvements	13,597,552	-	5,975,264	(840,967)	6,781,321
Machinery, equipment, and office fixtures	12,314,851	1,989,284	1,032,812	577,913	13,849,236
Total capital assets being depreciated	<u>94,603,169</u>	<u>3,547,780</u>	<u>7,008,076</u>	<u>-</u>	<u>91,142,873</u>
Less accumulated depreciation for					
Infrastructure	40,725,887	3,942,712	-	18,054	44,686,653
Buildings and building improvements	4,421,373	145,447	149,382	(295,859)	4,121,579
Machinery, equipment, and office fixtures	6,424,150	1,448,858	965,298	277,805	7,185,515
Total accumulated depreciation	<u>51,571,410</u>	<u>5,537,017</u>	<u>1,114,680</u>	<u>-</u>	<u>55,993,747</u>
Total capital assets being depreciated, net	<u>43,031,759</u>	<u>(1,989,237)</u>	<u>24,116,559</u>	<u>-</u>	<u>35,149,126</u>
Governmental activities, capital assets, net	<u>\$ 69,842,348</u>	<u>\$ 22,161,482</u>	<u>\$ 25,231,239</u>	<u>\$ -</u>	<u>\$ 61,993,875</u>

Approximately \$431,000 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$35,914 is included in the depreciation expense. Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 314,752
Public safety	495,761
Public works	4,710,535
Health and welfare	14,756
Conservation of natural resources	1,213
Total depreciation expense - governmental activities	<u>\$ 5,537,017</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 2,741,061	\$ -	\$ -	\$ 2,741,061
Construction in progress	-	505,143	96,927	408,216
Total capital assets not being depreciated	<u>2,741,061</u>	<u>505,143</u>	<u>96,927</u>	<u>3,149,277</u>
Capital assets being depreciated				
Improvements other than buildings	16,349,797	102,759	1,600	16,450,956
Buildings, building improvements and runways	541,812	-	-	541,812
Machinery, equipment and office fixtures	131,753	-	1,864	129,889
Total capital assets being depreciated	<u>17,023,362</u>	<u>102,759</u>	<u>3,464</u>	<u>17,122,657</u>
Less accumulated depreciation	<u>9,261,976</u>	<u>602,685</u>	<u>3,464</u>	<u>9,861,197</u>
Total capital assets being depreciated, net	<u>7,761,386</u>	<u>(499,926)</u>	<u>-</u>	<u>7,261,460</u>
Capital assets, net	<u>\$ 10,502,447</u>	<u>\$ 5,217</u>	<u>\$ 96,927</u>	<u>\$ 10,410,737</u>

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 12,000	\$ -	\$ -	\$ 12,000
Total capital assets, not being depreciated	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Capital assets being depreciated				
Buildings and improvements	324,873	12,250	-	337,123
Machinery, equipment and office fixtures	361,283	47,073	-	408,356
Total capital assets being depreciated, net	<u>686,156</u>	<u>59,323</u>	<u>-</u>	<u>745,479</u>
Less accumulated depreciation	<u>325,766</u>	<u>51,614</u>	<u>-</u>	<u>377,380</u>
Total capital assets being depreciated, net	<u>360,390</u>	<u>7,709</u>	<u>-</u>	<u>368,099</u>
Capital assets, net	<u>\$ 372,390</u>	<u>\$ 7,709</u>	<u>\$ -</u>	<u>\$ 380,099</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Library for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 100,600	\$ -	\$ -	\$ 100,600
Construction in progress	16,498	-	16,498	-
Total capital assets, not being depreciated	<u>117,098</u>	<u>-</u>	<u>16,498</u>	<u>100,600</u>
Capital assets being depreciated				
Buildings and building improvements	386,817	15,979,212	34,675	16,331,354
Machinery, equipment and office fixtures	212,441	440,815	135,177	518,079
Collection	431,936	55,048	-	486,984
Total capital assets being depreciated	<u>1,031,194</u>	<u>16,475,075</u>	<u>169,852</u>	<u>17,336,417</u>
Less accumulated depreciation	<u>609,987</u>	<u>415,368</u>	<u>142,711</u>	<u>882,644</u>
Total capital assets being depreciated, net	<u>421,207</u>	<u>16,059,707</u>	<u>27,141</u>	<u>16,453,773</u>
Capital assets, net	<u>\$ 538,305</u>	<u>\$ 16,059,707</u>	<u>\$ 43,639</u>	<u>\$ 16,554,373</u>

Approximately \$24,370 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$4,467 is included in the depreciation expense.

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land and land improvements	\$ 1,403,956	\$ -	\$ -	\$ 1,403,956
Construction in progress	1,052,443	703,752	687,350	1,068,845
Total capital assets, not being depreciated	<u>2,456,399</u>	<u>703,752</u>	<u>687,350</u>	<u>2,472,801</u>
Capital assets being depreciated				
Improvements other than buildings	77,469	-	-	77,469
Building	35,233,515	589,015	-	35,822,530
Equipment	30,371,188	306,738	7,250	30,670,676
Total capital assets being depreciated, net	<u>65,682,172</u>	<u>895,753</u>	<u>7,250</u>	<u>66,570,675</u>
Less accumulated depreciation	<u>36,193,717</u>	<u>4,208,798</u>	<u>1,573</u>	<u>40,400,942</u>
Total capital assets being depreciated, net	<u>29,488,455</u>	<u>(3,313,045)</u>	<u>5,677</u>	<u>26,169,733</u>
Capital assets, net	<u>\$ 31,944,854</u>	<u>\$ (2,609,293)</u>	<u>\$ 693,027</u>	<u>\$ 28,642,534</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets (Continued)

Component Units (Continued)

Approximately \$1,351,013 of equipment has been acquired under capital leases. The related accumulated amortization on these assets is the amount of \$886,381.

Note 6. Long-term Debt

County

The Wyoming Constitution (Article 16§3) limits the amount of indebtedness for any County to not more than two percent of the last general assessment. This limit was \$22,205,046 at June 30, 2017. The County had no outstanding debt subject to this limitation.

Primary Government

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2017:

	Balance June 30, 2016	New Debt Incurred	Debt Retired	Balance June 30, 2017	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 19,607	\$ 8,647	\$ 12,151	\$ 16,103	\$ 8,830
Retainage	583,785	1,788,288	583,785	1,788,288	1,788,288
Capital leases	225,585	-	72,839	152,746	75,170
Incurred but not reported claims payable	230,000	290,000	230,000	290,000	290,000
Compensated absences	267,470	-	19,601	247,869	11,956
	<u>1,326,447</u>	<u>2,086,935</u>	<u>918,376</u>	<u>2,495,006</u>	<u>2,174,244</u>
Net pension liability	5,710,878	403,999	-	6,114,877	-
	<u>\$ 7,037,325</u>	<u>\$ 2,490,934</u>	<u>\$ 918,376</u>	<u>\$ 8,609,883</u>	<u>\$2,174,244</u>
Component Units					
Notes payable	\$ 7,617,474	\$ -	\$ 782,306	\$ 6,835,168	\$ 805,198
Retainage	-	71,026	-	71,026	71,026
Capital leases	795,031	24,370	275,285	544,116	285,500
Compensated absences	1,520,767	2,285,318	2,118,080	1,688,005	162,277
	<u>9,933,272</u>	<u>2,380,714</u>	<u>3,175,671</u>	<u>9,138,315</u>	<u>1,324,001</u>
Net pension liability	787,365	145,273	22,773	909,865	-
	<u>\$ 10,720,637</u>	<u>\$ 2,525,987</u>	<u>\$ 3,198,444</u>	<u>\$ 10,048,180</u>	<u>\$1,324,001</u>

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6. Long-term Debt (Continued)

Property Tax Repayment

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

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

As of June 30, 2017, the County was required to pay back \$134,189 in property taxes over the next six years due to NOVC. The impact on the County General Fund is approximately 12% of that total, or \$16,103.

Year Ending June 30,	
2018	\$ 8,830
2019	3,241
2020	2,527
2021	1,505
	\$ 16,103

Capital Leases

\$225,640 motor grader lease/purchase obligation dated August 2011 due in six annual installments of \$41,929 with an interest rate of 3.2% serviced by the General fund and collateralized by the grader. \$ 79,999

\$205,323 motor grader lease/purchase obligation dated September 2011 due in six annual installments of \$38,129 with an interest rate of 3.2% serviced by the General fund and collateralized by the grader. 72,747

\$ 152,746

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2017 are as follows:

Year Ending June 30,	
2018	\$ 80,057
2019	80,060
Total minimum lease payments	160,117
Less: amount representing interest	7,371
Present value of minimum lease payments	\$ 152,746

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6. Long-term Debt (Continued)

Component Units

Long-Term Debt Memorial Hospital of Converse County

Advance Refunding – In 2015, Memorial Hospital of Converse County refunded \$6,545,000 of Memorial Hospital of Converse County Revenue Bonds. The refunded bonds are not included in the Hospital’s outstanding debt since the Hospital has in-substance satisfied its obligation through advance funding. Although the advanced refunding resulted in recognition of an accounting loss of \$455,014, the Hospital will recognize a net present value savings of \$499,808. The loss is being amortized over the life of the note payable using the effective interest method. The Hospital borrowed \$8,500,000 in order to complete construction of the new medical office building and performed the noted refunding of bonds. The note payable requires annual payments of \$1,000,000 with interest at 2.85% and matures on July 1, 2024. The Hospital has pledged \$6,500,000 in certificates of deposit as collateral on the notes payable.

Note payment requirements to maturity for the years ending June 30, are as follows:

Year ending June 30,	Principal	Interest	Total
2018	\$ 805,198	\$ 194,802	\$ 1,000,000
2019	828,146	171,854	1,000,000
2020	851,748	148,252	1,000,000
2021	875,683	124,317	1,000,000
2022	900,980	99,020	1,000,000
2023-2024	2,573,413	140,099	2,713,512
	<u>\$ 6,835,168</u>	<u>\$ 878,344</u>	<u>\$ 7,713,512</u>

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

Memorial Hospital of Converse County leases certain equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The average interest rate on the leases is 4.56%. The cost of equipment under capital leases included in the Memorial Hospital of Converse County’s capital assets is \$1,351,013 with \$886,381 in accumulated depreciation.

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2017:

Year Ending June 30,	
2018	\$ 294,957
2019	245,799
Total minimum lease payments	540,756
Less: amount representing interest	17,740
Present value of minimum lease payments	<u>\$ 523,016</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6. Long-term Debt (Continued)

Component Units (Continued)

Capital Leases of the County Library

\$24,370 three copier lease/purchase obligation dated August 2016, due in monthly installments of \$550 through June 2021, at an imputed rate of 11.94%, serviced by the County library and collateralized by the equipment.

\$	21,100
\$	21,100

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2017 are as follows:

	Year Ending June 30,	
	2018	\$ 6,660
	2019	6,660
	2020	6,660
	2021	6,660
Total minimum lease payments		<u>26,640</u>
Less: amount representing interest		<u>5,540</u>
Present value of minimum lease payments		<u>\$ 21,100</u>

Operating Leases

Memorial Hospital of Converse County has various monthly leases where they are not required to make minimum future rental payments. Total rental expense for the fiscal year ended June 30, 2017, was \$1,255,939.

Note 7. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

Beginning July 1, 2011, all employees of the General County were eligible to participate in the Wyoming Retirement System. The Converse County Library's, Converse County Airport's, and the Converse County Weed and Pest Control District's full-time employees also participate in the Wyoming Retirement System. The Wyoming Retirement System is a cost-sharing multiple employer public employee retirement system. The Plan provides retirement benefits at age 60 with early retirement options available. The Plan also provides disability and death benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information for each plan. The report may be obtained from Wyoming Retirement System website at <http://retirement.state.wy.us>.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

Pension Plans

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

All eligible County employees are covered under the following retirement plans:

Public Employees' Pension Plan

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all Board full-time employees are eligible to participate. The PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

PEPP members are required to contribute 8.25% of their annual covered salary and the County is required to contribute 8.37 % of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 100% of the required contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the PEPP for the years ended June 30, 2017, 2016 and 2015 were \$616,495, \$617,692, and \$536,609, equal to the required contributions for each year.

The County's component units, Weed and Pest, the Airport, and the Library currently pay all of the required employee's contribution. The Weed and Pest contributions to PEPP for the years ended June 30, 2017, 2016, and 2015 were \$25,829, \$25,081, \$25,321, equal to the required contributions for the year. The Library's contributions to PEPP for the years ended June 30, 2017, 2016, and 2015 were \$84,281, \$70,380, \$71,078 equal to the required contributions for the year. The Airport's contributions to PEPP for the years ended June 30, 2017 and 2016 were \$8,200 and \$8,800.

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

Public Employees' Pension Plan (Continued)

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee). Note 7.

Law Enforcement Pension Plan

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

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

The County participates in the Law Enforcement Pension Plan (LEPP). Law Enforcement Pension Plan members are required to contribute 8.60% of their annual covered salary and the County is required to contribute 8.60% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contributions. The county currently pays 100% of the required contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the Law Enforcement Pension Plan for the years ended June 30, 2017, 2016, and 2015 were \$409,850, \$402,167, \$357,763, equal to the required contributions for each year.

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

At June 30, 2017, the County reported a total liability of \$6,114,877 for its proportionate share of the net pension liability. The County's component units: Library, Weed and Pest, and Airport reported: \$636,545, \$206,106, and \$67,214, respectively, for their proportionate share on the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2017. The County's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined.

At the measurement date of December 31, 2016, the County's liability as well as their proportion and change from its proportion measured as of December 31, 2015 were as follows for each plan in which the County participates:

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

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

	Pension liability at December 31, 2016	Proportion at December 31, 2016	Increase (decrease) from December 31, 2015
County			
Public Employees' Pension Plan	\$ 4,985,792	0.206237500%	0.807440000%
County - Sheriff			
Law Enforcement Pension Plan	\$ 1,129,085	1.495636600%	0.003800860%
Library			
Public Employees' Pension Plan	\$ 636,545	0.026330700%	0.002773645%
Weed and Pest			
Public Employees' Pension Plan	\$ 206,106	0.008500000%	-0.000200000%
Airport			
Public Employees' Pension Plan	\$ 67,214	0.002780300%	0.001232800%

For the year ended June 30, 2017, the County and its component units the Library, Weed and Pest, and Airport recognized pension expense of \$1,813,874, \$151,021, \$44,078, and \$22,800, respectively. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources				Total Outflows	Total (Inflows)
	PEPP		LEPP			
Net difference between projected and actual earnings on pension plan investments	\$ 879,815	\$ -	\$ 520,871	\$ -	\$ 1,400,686	\$ -
Difference between actual and expected experience rate	-	(131,041)	14,892	(41,605)	14,892	(172,646)
Change in employer's proportion	201,566	-	15,203	-	216,769	-
Amortizing deferred outflows and deferred inflows	1,081,381	(131,041)	550,966	(41,605)	1,632,347	(172,646)
Contributions subsequent to the measurement date	312,005	-	207,039	-	519,044	-
Total	\$ 1,393,386	\$ (131,041)	\$ 758,005	\$ (41,605)	\$ 2,151,391	\$ (172,646)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

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

The County reported \$519,044 as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date; these deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflows	
	PEPP	LEPP
2018	\$ 397,384	\$ 193,725
2019	393,193	193,724
2020	276,147	153,395
2021	14,657	10,122
	\$ 1,081,381	\$ 550,966

Year ended June 30,	Deferred Inflows	
	PEPP	LEPP
2018	\$ (56,923)	\$ (10,764)
2019	(54,027)	(10,764)
2020	(20,091)	(10,764)
2021	-	(9,313)
	\$ (131,041)	\$ (41,605)

The County’s component units: Library, Weed and Pest, and Airport reported \$42,685 \$13,175, and \$2,092, respectively, as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Library	Deferred Outflows	Deferred (Inflows)
Net difference between project and actual earnings on pension plan investments	\$ 145,607	\$ -
Difference between actual and expected experience rate	-	(16,167)
Change in employer's proportion	-	(22,602)
Amortizing deferred outflows and deferred inflows	145,607	(38,769)
Contributions subsequent to the measurement date	42,685	-
Total	\$ 188,292	\$ (38,769)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

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

	Deferred Outflows	Deferred (Inflows)
Weed and Pest		
Net difference between projected and actual earnings on pension plan investments	\$ 39,109	\$ -
Difference between actual and expected experience rate	-	(5,581)
Change in employer's proportion	-	(4,829)
Amortizing deferred outflows and deferred inflows	39,109	(10,410)
Contributions subsequent to the measurement date	13,175	-
Total	\$ 52,284	\$ (10,410)

	Deferred Outflows	Deferred (Inflows)
Airport		
Net difference between projected and actual earnings on pension plan investments	\$ 6,151	\$ (1,403)
Difference between actual and expected experience rate	-	
Change in employer's proportion	35,231	(604)
Amortizing deferred outflows and deferred inflows	41,382	(2,007)
Contributions subsequent to the measurement date	2,092	-
Total	\$ 43,474	\$ (2,007)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

	Component Units					
	Library		Weed and Pest		Airport	
	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)
Year ended June 30,						
2018	\$ 51,721	\$ (18,784)	\$ 13,927	\$ (3,412)	\$ 15,828	\$ (502)
2019	51,722	(17,419)	13,927	(3,285)	15,828	(502)
2020	40,292	(2,566)	10,649	(2,913)	9,529	(502)
2021	1,872	-	606	(800)	197	(501)
	\$ 145,607	\$ (38,769)	\$ 39,109	\$ (10,410)	\$ 41,382	\$ (2,007)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2016 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation Date	1/1/2017
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	30
Asset valuation method	5-year
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases (includes inflation)	4.25% to 8.00%
Assumed inflation rate	3.25%
Mortality	RP-2000 Combined Mortality Table, fully generational,

The current actuarial assumptions and methods used in the January 1, 2017 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

For each major asset class that is included in the pension plans' target allocation as of January 1, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	-0.20%
Fixed income	20.00%	1.95%
Equity	45.00%	7.73%
Marketable alternatives	17.50%	3.73%
Private markets	17.50%	7.14%
Total	100.00%	

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Defined Benefit and Contribution Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 7,161,262	\$ 4,985,792	\$ 3,158,604
Law Enforcement Pension Plan	2,344,573	1,129,085	125,332
Component Units			
Library	914,291	636,545	403,264
Weed and Pest	296,038	206,106	130,573
Airport	96,541	67,214	42,581

Payables to the pension plan – At June 30, 2017, the County and its component units did not have any payables to the pension plans.

Retirement Plan – Memorial Hospital of Converse County

Memorial Hospital of Converse County established a profit sharing plan for its employees with an effective date of January 1, 2009. The Memorial Hospital of Converse County (Plan) is administered by the Board of Trustees who has executed a trust agreement with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. The Plan is available to eligible employees who have completed one year of service and attain age 21. A year of service is any plan year in which an employee completes 1,000 hours of service. Contributions to the Plan on behalf of the participants are an amount determined by management of Memorial Hospital of Converse County from time to time. Participant will vest in contributions made by Memorial Hospital of Converse County according to a vesting schedule. Participants will vest fully and will have a non-forfeitable interest in the balance of the participant’s account in all contributions that are not uniform as a percentage of compensation for the different classes of employees specified in the Plan.

All years of service beginning January 1, 2009 shall count toward years of vesting. In addition each participant shall receive one year of service for each two years of service completed before January 1, 2009, up to a maximum of 6 years of service credited toward vesting. Also, a participant shall be 100% vested upon death, disability or upon a reduction in force as determined by Memorial Hospital of Converse County. The Plan does not issue a separate stand-alone financial report. Memorial Hospital of Converse County accrued \$69,118 which has been included in the accrued expenses on the statement of net position.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8. Deferred Compensation Plans

Memorial Hospital of Converse County offers its employees a deferred compensation plan that is structured in accordance with the provisions of Internal Revenue Code Section 457. The employee contribution cannot exceed \$18,000 per participant, and \$24,000 for age 50 or older.

Weed and Pest Control District also offers its employees a deferred compensation plan under the provisions of Internal Revenue Code Section 457. Employees are eligible to participate upon start of employment. Participants can make pre-tax or after-tax contributions up to limits set by the IRS at their discretion and are always 100% vested in their account. Weed and Pest Control District can match employee contributions at their discretion. No employer matching contributions were made in 2017.

Note 9. County Fund Balance

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

Building/maintenance reserve	\$ 12,983,205
Equipment reserve	3,329,419
Salary reserve	1,530,784
Loans reserve	83,812
	<u>\$ 17,927,220</u>

Note 10. Commitments and Contingencies

In the normal course of business, various lawsuits or claims are brought against the County. It is not possible to determine the ultimate disposition of these matters at this time; however, the County Attorney and the County Commissioners are of the opinion that these matters would not have a material adverse effect on the results of operations, financial condition, or cash flows of the County. The County's lawsuits and/or claims are covered by insurance and Wyoming Government Claims Act limits the liability to \$250,000.

The County has contracts with architect, engineers and contractors for the construction of the Joint Justice Center. As of June 30, 2017, the County had approximately \$35.6 million in contracts related to the projects under construction and \$10.5 million in remaining contract commitments related to these projects.

Note 11. Risk Management Programs

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result of these and other risks, the County participates in the Local Government Liability Pool (LGLP) which is a public entity risk pool. LGLP provides liability coverage for claims subject to the Wyoming Governmental Claims Act (W.S. 1-39-101) up to \$250,000 per claimant but not more than \$500,000 per occurrence and \$1,500,000 per occurrence for federal and out-of-state claims. The coverage limit is \$1,000,000 per occurrence for all members combined of the LGLP risk pool including various additional sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to LGLP by the County totaled approximately \$58,025.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11. Risk Management (Continued)

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

In addition, the County purchases commercial insurance to cover its property and automobile liability. Premiums paid for this coverage by the County totaled approximately \$43,923.

The County also participates in two other state sponsored, risk management programs under the Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan with only a few exceptions. This Act provides for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the County. The County makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and is a split rate between hazardous and non-hazardous positions. The amount paid by the County to the State for Workers' Compensation during fiscal year 2017 was approximately \$162,000.

Wyoming Statute §27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2017 and 2016 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2017	2016
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	2,025	49,315
Claims paid	(2,025)	(49,315)
Unpaid claims, end of year	\$ -	\$ -

The County also provides its employees' health care benefits through a self-insured program for primary government and component unit employees excluding Memorial Hospital of Converse County. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$50,000 per year. The maximum specific reimbursement per person is \$1,960,000 per policy period.

Premiums paid for stop-loss insurance were approximately \$265,000. Estimated medical claims are calculated by the plan administrator based on past historical experience and current economic events. Claims are usually paid within one year of submission.

Changes in the County's health care risk management liability during the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Health care risk management liability, beginning of year	\$ 230,000	\$ 190,000
Claims incurred	1,638,920	1,709,032
Claims paid	(1,578,920)	(1,669,032)
Health care risk management liability, end of year	\$ 290,000	\$ 230,000

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 11. Risk Management Programs (Continued)

There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2017.

Memorial Hospital of Converse County provided its employees' health care benefits through a self-insured program administered by Blue Cross Blue Shield. During the fiscal year ended June 30, 2017, the total claims and administrative fees were \$4,626,983 and the estimate of incurred but not reported claims was \$319,514.

Memorial Hospital of Converse County is insured by a claim made policy for the purpose of providing professional and patient care liability insurance. Claims may be asserted against Memorial Hospital of Converse County arising from services provided to patients. Memorial Hospital of Converse County is unable to determine the ultimate cost of the resolution of such potential claims and accordingly has not accrued any amounts which would occur should the insurance policy not cover the claim, or should a claim exceed the policy limits. The insurance company will notify Memorial Hospital of Converse County in the event that this would happen and at this time, no such notification has been made. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Memorial Hospital of Converse County is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. In addition, Memorial Hospital of Converse County is a County hospital and accordingly, Wyoming Statutes place a cap on the award of damages in lawsuits filed against Wyoming municipal entities.

Note 12. Transactions with Related Parties and Component Units

In fiscal year 2016, the County entered into a lease agreement with Commissioner Board Chairman, Richard Grant, for royalties from the Dry Creek Gravel Pit on the Grant Ranch. Compensation for the gravel is \$1.60 per yard that leaves the site and up to 100 yards of aggregate per year for ranch use. The total amount paid for this contract in fiscal year 2017 was approximately \$93,000.

The County invests in WGIF where the County Treasurer is a board member. The treasurer does not receive compensation for being a WGIF board member.

During the fiscal year 2017, the County contributed the cost of new libraries construction in Glenrock and Douglass and Eastern Wyoming Community College from its capital assets. The County contributed \$21,443,454 and \$5,975,264 from construction in progress and buildings and building improvements. Since the construction of both libraries in Glenrock and Douglas was completed, and the County had \$7,180,982 remaining funds in the Special Purpose Tax Fund, all of these funds were contributed to the Library. At June 30, 2017, the County had \$120,833 payable to the Converse County Library.

During the fiscal year ended June 30, 2017, the County provided \$78,104, \$1,450,000, and \$913,557 in support to the Converse County Airport, Memorial Hospital of Converse County, and Converse County Library, respectively.

The Airport's manager is the owner of a company which leases hangar and office space from the Converse County Airport Board. Total rent received for the year ended June 30, 2017 amounted to approximately \$5,600.

Memorial Hospital of Converse County is a 40% owner in Big County Rehabilitation, LLC. Big Country Rehabilitation leases space from Memorial Hospital of Converse County for approximately \$42,874 per year. The lease runs from March 1, 2011 through March 1, 2017 and is renewed automatically for one year increments until it is cancelled. At June 30, 2017, the County had \$228,389 payable to Memorial Hospital of Converse County.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 12. Transactions with Related Parties and Component Units (Continued)

During the year ended June 30, 2017, Memorial Hospital of Converse County paid Big County Rehabilitation, LLC approximately \$408,292 for professional services rendered. Included in accounts payable is \$21,154 for services performed in June 2017.

Note 13. Deficit Fund Balances

The County's TANF, HAHR, Best Beginnings, and WIC funds had deficit fund balances at June 30, 2017. As of June 30, 2017, the County did not transfer funds to these funds to resolve the negative balances. The County will make transfers in the future to resolve these deficits.

Note 14. Issued Standards Not Yet Implemented

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement is effective for reporting periods beginning after December 15, 2016, and should be applied retroactively. Management has not concluded its assessment of the effect of implementing this guidance.

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

Note 15. Subsequent Events

Subsequent to June 30, 2017, the County approved the following contracts, change orders, or amendments:

- \$128,451 amendment to the agreement for the second phase of imagery.
- \$972,789 contract award to Knife River for the Jenne Trail CMAQ phase 2 project.
- \$193,323 agreement for furniture and equipment for the Converse County Joint Justice Center.
- \$247,921 change order to a contract with Knife River for the Ayres Natural Bridge Road rehabilitation project for a revised total of \$2,731,501.
- \$191,199 agreement for data storage and hardware services for the Converse County Joint Justice Center.

REQUIRED SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

(Unaudited)

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Tax - property	\$ 18,876,707	\$ 18,876,707	\$ 19,158,751	\$ 282,044
Tax - other	6,513,140	6,513,140	6,830,678	317,538
Intergovernmental revenues	752,989	752,989	799,449	46,460
Charges for services	412,750	412,750	928,902	516,152
Investment income	80,750	80,750	163,355	82,605
Economic development	5,836	5,836	8,748	2,912
Miscellaneous revenues	1,416,028	1,416,028	1,183,250	(232,778)
Total revenues	28,058,200	28,058,200	29,073,133	1,014,933
Expenditures				
Current				
County Commissioners	364,051	364,051	348,033	16,018
County Clerk	549,089	549,089	532,133	16,956
County Treasurer	489,342	489,342	488,899	443
County Assessor	505,476	505,476	474,068	31,408
County Sheriff	2,683,814	2,683,814	2,573,763	110,051
County Attorney	1,163,624	1,163,624	1,147,878	15,746
Courthouse/Maintenance	568,793	568,793	516,097	52,696
County Surveyor	106,834	106,834	96,642	10,192
County Coroner	62,787	68,976	68,975	1
Agricultural agents	150,882	150,882	134,638	16,244
Clerk of District Court	514,105	514,105	483,150	30,955
County jail	2,118,950	2,118,950	2,098,308	20,642
Road and bridge	4,167,439	4,167,439	3,499,633	667,806
Elections	183,690	183,690	148,578	35,112
Emergency management	254,141	254,141	226,402	27,739
IT	155,676	155,676	149,569	6,107
Health	304,248	304,248	244,633	59,615
Parks and recreation	255,716	255,716	199,653	56,063
Special projects	54,651	54,651	45,655	8,996
Total County departments	14,653,308	14,659,497	13,476,707	1,182,790

(Continued)

See accompanying notes to required supplementary information

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)

(Unaudited)

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
General accounts	\$ 3,430,587	\$ 3,430,587	\$ 2,687,353	\$ 743,234
Community aid	531,800	531,800	526,705	5,095
Depreciation reserve	1,041,222	1,041,222	856,590	184,632
Fire departments	1,199,366	1,199,366	1,195,807	3,559
Salary and equipment reserve	140,000	140,000	128,534	11,466
Building and maintenance reserve	3,864,941	3,864,941	444,513	3,420,428
Economic development	200,000	200,000	-	200,000
Total expenditures	<u>25,061,224</u>	<u>25,067,413</u>	<u>19,316,209</u>	<u>5,751,204</u>
Excess of revenues over expenditures	<u>2,996,976</u>	<u>2,990,787</u>	<u>9,756,924</u>	<u>6,766,137</u>
Other financing sources (uses)				
Transfers out	(8,135,848)	(8,135,848)	(8,135,848)	-
Transfers in	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,995,848)</u>	<u>(7,995,848)</u>	<u>(7,995,848)</u>	<u>-</u>
Net change in fund balance	<u>(4,998,872)</u>	<u>(5,005,061)</u>	<u>1,761,076</u>	<u>\$ 6,766,137</u>
Fund balance, beginning of year	<u>23,951,963</u>	<u>23,951,963</u>	<u>23,951,963</u>	
Fund balance, end of year	<u>\$ 18,953,091</u>	<u>\$ 18,946,902</u>	<u>\$ 25,713,039</u>	

See accompanying notes to required supplementary information

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 SPECIAL PURPOSE TAX FUND
 (Unaudited)
 Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget (Positive Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 65,168	\$ 65,168
Investment income	-	-	14,476	14,476
	-	-	79,644	79,644
Expenditures				
Current				
General government	9,735,367	9,735,367	9,864,820	(129,453)
Total expenditures	9,735,367	9,735,367	9,864,820	(129,453)
Deficiency of revenues over expenditures	(9,735,367)	(9,735,367)	(9,785,176)	\$ (49,809)
Fund balance, beginning of year	9,785,176	9,785,176	9,785,176	
Fund balance, end of year	\$ 49,809	\$ 49,809	\$ -	

See accompanying notes to required supplementary information

CONVERSE COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.206237500%	0.198163118%	0.186178840%
Proportionate share of the net pension liability	\$ 4,985,792	\$ 4,615,908	\$ 3,285,484
Covered payroll	3,596,934	3,456,111	3,182,564
Proportionate share of the net pension liability as a percentage of its covered payroll	138.61%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	73.40%	79.08%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.495636600%	1.457628033%	1.377891923%
Proportionate share of the net pension liability	\$ 1,129,085	\$ 1,094,696	\$ 405,977
Covered payroll	2,314,934	2,192,269	2,036,398
Proportionate share of the net pension liability as a percentage of its covered payroll	48.77%	49.95%	19.94%
Plan fiduciary net position as a percentage of the total pension liability	88.11%	87.49%	94.76%
Public Employees Pension Plan - Component Units			
Library			
Proportion of the net pension liability	0.026330700%	2.355705500%	0.026475595%
Proportionate share of the net pension liability	\$ 636,545	\$ 548,726	\$ 467,213
Covered payroll	459,227	410,852	452,577
Proportionate share of the net pension liability as a percentage of its covered payroll	138.61%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%
Weed and Pest			
Proportion of the net pension liability	0.008500000%	0.008697388%	0.009060781%
Proportionate share of the net pension liability	\$ 206,106	\$ 202,592	\$ 159,895
Covered payroll	155,408	151,689	168,569
Proportionate share of the net pension liability as a percentage of its covered payroll	132.62%	133.56%	94.85%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%
Airport			
Proportion of the net pension liability	0.002780300%	0.001547517%	N/A
Proportionate share of the net pension liability	\$ 67,214	\$ 36,047	N/A
Covered payroll	50,000	26,990	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	134.43%	133.51%	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	N/A

The amounts presented for each fiscal year were determined as of December 31st, which is the measurement date.

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

See accompanying notes to required supplementary information

2014	2013	2012	2011	2010	2009	2008
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N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

CONVERSECOUNTY

SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Fiscal Years
(Unaudited)

	2017	2016	2015
Public Employees Pension Plan - County			
Contractually required contribution	\$ 616,495	\$ 617,692	\$ 536,609
Contributions in relations to the contractually required contributions	(616,495)	(617,692)	(536,609)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,709,356	\$ 3,716,558	\$ 3,381,279
Contributions as a percentage of employee payroll	16.62%	16.62%	15.87%
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 409,850	\$ 402,167	\$ 357,763
Contributions in relations to the contractually required contributions	(409,850)	(402,167)	(357,763)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,382,849	\$ 2,338,180	\$ 2,080,017
Contributions as a percentage of employee payroll	17.20%	17.20%	17.20%
Public Employees Pension Plan - Component Units			
Library			
Contractually required contribution	\$ 84,281	\$ 70,380	\$ 71,078
Contributions in relations to the contractually required contributions	(84,281)	(70,380)	(71,078)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 507,106	\$ 423,466	\$ 447,876
Contributions as a percentage of employee payroll	16.62%	16.62%	15.87%
Weed and Pest			
Contractually required contribution	\$ 25,829	\$ 25,081	\$ 25,321
Contributions in relations to the contractually required contributions	(25,829)	(25,081)	(25,321)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 155,409	\$ 150,909	\$ 159,553
Contributions as a percentage of employee payroll	16.62%	16.62%	15.87%
Airport			
Contractually required contribution	\$ 8,200	\$ 8,800	N/A
Contributions in relations to the contractually required contributions	(8,200)	(8,800)	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>
Covered payroll	\$ 49,338	\$ 52,948	N/A
Contributions as a percentage of employee payroll	16.62%	16.62%	N/A

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

2014	2013	2012	2011	2010	2009	2008
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N/A	N/A	N/A	N/A	N/A	N/A	N/A
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N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Note 1. Basis of Budgeting

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 21,326,135	\$ (208,134)	\$ (21,118,001)	\$ -
Tax - property	-		19,158,751	19,158,751
Tax - other	-		6,830,678	6,830,678
Licenses and permits	916,555	(67,228)	(849,327)	-
Intergovernmental	6,672,801	38,497	(5,911,849)	799,449
Charges for services	83,762		845,140	928,902
Investment income	119,948	43,407	-	163,355
Economic Development	-	8,748	-	8,748
Miscellaneous revenues	92,488	46,154	1,044,608	1,183,250
	<u>\$ 29,211,689</u>	<u>\$ (138,556)</u>	<u>\$ -</u>	<u>\$ 29,073,133</u>
Expenditures				
General government	\$ 10,075,061	\$ (185,602)	\$ (9,889,459)	\$ -
Public safety	4,902,477	(4,004)	(4,898,473)	-
Public works	3,493,798	5,835	(3,499,633)	-
Health, welfare and recreation	441,138	3,149	(444,287)	-
Conservation of natural resources	135,156	(517)	(134,639)	-
Debt service - principal	72,839	(72,839)	-	-
Debt service - interest	7,219	(7,219)	-	-
Capital outlay	368,360	81,358	(449,718)	-
County Commissioners	-	-	348,033	348,033
County Clerk	-	-	532,133	532,133
County Treasurer	-	-	488,899	488,899
County Assessor	-	-	474,068	474,068
County Sheriff	-	-	2,573,763	2,573,763
County Attorney	-	-	1,147,878	1,147,878
Courthouse	-	-	516,097	516,097
Surveyor	-	-	96,642	96,642
Coroner	-	-	68,975	68,975
Conservation of natural resources	-	-	134,638	134,638
Clerk of District Court	-	-	483,150	483,150
IT	-	-	149,569	149,569
County jail	-	-	2,098,308	2,098,308
Road and bridge	-	-	3,499,633	3,499,633
Elections	-	-	148,578	148,578
Health	-	-	244,633	244,633
Emergency management	-	-	226,402	226,402
Special projects	-	-	45,655	45,655
General accounts	-	-	2,687,353	2,687,353
Depreciation reserve	-	-	856,590	856,590
Community aid	-	-	526,705	526,705
Fire suppression	-	-	1,195,807	1,195,807
Salary and equipment reserve	-	-	128,534	128,534
Building and maintenance reserve	-	-	444,513	444,513
Parks and recreation	-	-	199,653	199,653
	<u>\$ 19,496,048</u>	<u>\$ (179,839)</u>	<u>\$ -</u>	<u>\$ 19,316,209</u>

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Note 1. Basis of Budgeting (Continued)

Budgetary Information

The schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund presents a comparison of the legally adopted budget with actual data. The County prepares its budget on a cash basis, and the revenues and expenditures presented in the aforementioned statement are on the modified accrual basis. Any differences in revenues and expenditures as a result of the difference in accounting basis are considered immaterial. Appropriations lapse at fiscal year-end. All budget amendments are approved by the County Commissioners and are presented within the final budget figures.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

Wyoming State Statutes require the preparation of the annual budget which provides documentation that all sources and uses of County resources are properly planned, budgeted and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which County monies may be expended.

The budget is adopted according to the following schedule:

1. On or before May 15, the Budget Officer shall prepare a tentative budget for each fund and file the budget with the governing body.
2. A summary of the tentative budget shall be entered into the minutes and the governing body shall publish the summary at least one week before the public hearing to adopt the budget.
3. The public hearing is held on or before the third Monday in July.
4. On the day of or the day following the public hearing, the County Commissioners, by resolution, make the necessary appropriations and adopt the budget, which subject to future amendment, shall be in effect for the next fiscal year

The general fund consists of the County’s general fund, as well as the building maintenance reserve fund, the equipment reserve fund, the salary reserve fund, the economic development fund, payroll clearing funds and a treasurer clearing fund.

The County amended the 2017 budget to increase the coroner’s and E-911 budgets by \$6,189 and \$28,744, respectively.

The adjustments necessary to convert GAAP basis revenues and expenditures of the special purpose tax fund are as follows:

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 4,626	\$ 60,542	\$ -	\$ 65,168
Investment income	14,476	-	-	14,476
	<u>\$ 19,102</u>	<u>\$ 60,542</u>	<u>\$ -</u>	<u>\$ 79,644</u>
Expenditures				
Capital outlay	\$ 2,652,031	\$ 31,807	\$ 7,180,982	\$ 9,864,820
	<u>\$ 2,652,031</u>	<u>\$ 31,807</u>	<u>\$ 7,180,982</u>	<u>\$ 9,864,820</u>

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2017

Note 2. Budget Deficit

During 2017 the County had \$129,453 budget deficit in the Special Purpose Tax Fund. This is a violation of Wyoming State Statute §16-4-108.

Note 3. Explanation of Changes to Pension Plan

Changes to assumptions – There have been no changes of assumptions in the Public Employees' Pension Plan since the prior valuation.

Changes in benefits – There have been no changes in benefit provisions in the Public Employees' Pension Plan since the prior valuation.

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OTHER SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

COMBINING BALANCE SHEET
COUNTY ROADS FUNDS

June 30, 2017

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 1,368,649	\$ 4,709,171	\$ 111,138	\$ 6,188,958
Investments	1,067,544	734,490	-	1,802,034
Due from other governments	33,611	222,779	-	256,390
	<u>\$ 2,469,804</u>	<u>\$ 5,666,440</u>	<u>\$ 111,138</u>	<u>\$ 8,247,382</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 438	\$ -	\$ 438
Due to other funds	13,471	-	-	13,471
	<u>13,471</u>	<u>438</u>	<u>-</u>	<u>13,909</u>
Fund Balances				
Restricted				
County road construction	2,456,333	-	-	2,456,333
Committed				
Road construction	-	5,666,002	111,138	5,777,140
	<u>2,456,333</u>	<u>5,666,002</u>	<u>111,138</u>	<u>8,233,473</u>
Total fund balances	<u>2,456,333</u>	<u>5,666,002</u>	<u>111,138</u>	<u>8,233,473</u>
Total liabilities and fund balances	<u>\$ 2,469,804</u>	<u>\$ 5,666,440</u>	<u>\$ 111,138</u>	<u>\$ 8,247,382</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COUNTY ROADS FUNDS
 Year Ended June 30, 2017

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
Revenues				
Tax revenue	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	480,821	870,704	-	1,351,525
Investment income	11,045	10,435	-	21,480
Total revenues	<u>491,866</u>	<u>881,139</u>	<u>-</u>	<u>1,373,005</u>
Expenditures				
Capital outlay	737,972	4,715,273	-	5,453,245
Total expenditures	<u>737,972</u>	<u>4,715,273</u>	<u>-</u>	<u>5,453,245</u>
Deficiency of revenues over expenditures	<u>(246,106)</u>	<u>(3,834,134)</u>	<u>-</u>	<u>(4,080,240)</u>
Other financing sources				
Transfers in	<u>-</u>	<u>4,130,907</u>	<u>-</u>	<u>4,130,907</u>
Total other financing sources	<u>-</u>	<u>4,130,907</u>	<u>-</u>	<u>4,130,907</u>
Net changes in fund balances	(246,106)	296,773	-	50,667
Fund balances, beginning of year	<u>2,702,439</u>	<u>5,369,229</u>	<u>111,138</u>	<u>8,182,806</u>
Fund balances, end of year	<u>\$ 2,456,333</u>	<u>\$ 5,666,002</u>	<u>\$ 111,138</u>	<u>\$ 8,233,473</u>

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROADS FUND
 Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Tax revenue	\$ 325,000	\$ 325,000	\$ 463,884	\$ 138,884
Investment income	5,500	5,500	15,828	10,328
	<u>330,500</u>	<u>330,500</u>	<u>479,712</u>	<u>149,212</u>
Expenditures				
Capital outlay	2,700,000	2,700,000	737,972	1,962,028
Total expenditures	<u>2,700,000</u>	<u>2,700,000</u>	<u>737,972</u>	<u>1,962,028</u>
Net change in fund balance	(2,369,500)	(2,369,500)	(258,260)	<u>\$ 2,111,240</u>
Fund balance, beginning of year	<u>2,683,058</u>	<u>2,683,058</u>	<u>2,683,058</u>	
Fund balance, end of year	<u>\$ 313,558</u>	<u>\$ 313,558</u>	<u>\$ 2,424,798</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROADS OTHER FUND
 Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,141,829	\$ 1,141,829	\$ 451,986	\$ (689,843)
Investment income	17,000	17,000	11,864	(5,136)
	<u>1,158,829</u>	<u>1,158,829</u>	<u>463,850</u>	<u>(694,979)</u>
Expenditures				
Capital outlay	9,950,000	9,950,000	4,968,697	4,981,303
Total expenditures	<u>9,950,000</u>	<u>9,950,000</u>	<u>4,968,697</u>	<u>4,981,303</u>
Deficiency of revenues over expenditures	<u>(8,791,171)</u>	<u>(8,791,171)</u>	<u>(4,504,847)</u>	<u>4,286,324</u>
Other financing sources				
Transfers in	4,130,907	4,130,907	4,130,907	-
Total other financing sources	<u>4,130,907</u>	<u>4,130,907</u>	<u>4,130,907</u>	<u>-</u>
Net change in fund balance	(4,660,264)	(4,660,264)	(373,940)	<u>\$ 4,286,324</u>
Fund balance, beginning of year	<u>5,819,030</u>	<u>5,819,030</u>	<u>5,819,030</u>	
Fund balance, end of year	<u>\$ 1,158,766</u>	<u>\$ 1,158,766</u>	<u>\$ 5,445,090</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROAD 37 FUND
 Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	\$ -
Fund balance, beginning of year	111,138	111,138	111,138	
Fund balance, end of year	\$ 111,138	\$ 111,138	\$ 111,138	

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CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 31,903,019	\$ 31,903,019	\$ 4,787,304	\$(27,115,715)
Investment income	-	-	23,545	23,545
	<u>31,903,019</u>	<u>31,903,019</u>	<u>4,810,849</u>	<u>(27,092,170)</u>
Expenditures				
Capital outlay	31,903,019	31,903,019	15,274,748	16,628,271
Total expenditures	<u>31,903,019</u>	<u>31,903,019</u>	<u>15,274,748</u>	<u>16,628,271</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(10,463,899)</u>	<u>(10,463,899)</u>
Other financing sources				
Transfers in	-	-	3,864,941	3,864,941
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,864,941</u>	<u>3,864,941</u>
Net change in fund balance	-	-	(6,598,958)	<u><u>\$ (6,598,958)</u></u>
Fund balance, beginning of year	<u>15,703,421</u>	<u>15,703,421</u>	<u>15,703,421</u>	
Fund balance, end of year	<u><u>\$ 15,703,421</u></u>	<u><u>\$ 15,703,421</u></u>	<u><u>\$ 9,104,463</u></u>	

NOTE: See Note 2 to the Notes to Required Supplementary Information.

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2017

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
ASSETS					
Cash and cash equivalents	\$ 14,094	\$ 61,883	\$ 54,901	\$ 289,719	\$ 28,607
Property taxes receivable	332	2,085	1,806	-	-
Accounts receivable	-	-	-	22,965	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid maintenance	-	-	-	107,234	-
Total assets	<u>\$ 14,426</u>	<u>\$ 63,968</u>	<u>\$ 56,707</u>	<u>\$ 419,918</u>	<u>\$ 28,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,561	\$ 44
Due to other funds	-	-	-	-	-
Refundable advances	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,561</u>	<u>44</u>
Deferred inflows of resources					
Unavailable property tax revenue	178	486	629	-	-
Total deferred inflows of resources	<u>178</u>	<u>486</u>	<u>629</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	107,234	-
Restricted					
Rural fire protection	14,248	-	-	-	-
Parks and recreation	-	63,482	-	-	-
Health department	-	-	56,078	-	-
Enhanced 911	-	-	-	311,123	-
Grants	-	-	-	-	28,563
Committed					
Impact assistance	-	-	-	-	-
Assigned					
Inmate welfare	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>14,248</u>	<u>63,482</u>	<u>56,078</u>	<u>418,357</u>	<u>28,563</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,426</u>	<u>\$ 63,968</u>	<u>\$ 56,707</u>	<u>\$ 419,918</u>	<u>\$ 28,607</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Offender Monitoring	Ebola Grant
\$ 24,451	\$ 889	\$ 11,024	\$ 47,655	\$ 71,074	\$ -	\$ -
-		-	-	-	-	-
-		-	-	-	-	-
-	-	-	7,417	-	-	-
-	1,164	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 24,451</u>	<u>\$ 2,053</u>	<u>\$ 11,024</u>	<u>\$ 55,072</u>	<u>\$ 71,074</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 303	\$ -	\$ -
-	-	-	1,164	-	-	-
-	-	-	-	-	-	-
-	-	-	1,164	303	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,451	2,053	11,024	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	70,771	-	-
-	-	-	53,908	-	-	-
<u>24,451</u>	<u>2,053</u>	<u>11,024</u>	<u>53,908</u>	<u>70,771</u>	<u>-</u>	<u>-</u>
<u>\$ 24,451</u>	<u>\$ 2,053</u>	<u>\$ 11,024</u>	<u>\$ 55,072</u>	<u>\$ 71,074</u>	<u>\$ -</u>	<u>\$ -</u>

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CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2017

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	HIV	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 5,178	\$ 3,987	\$ -	\$ 116,755	\$ 5,655	\$ 735,872
Property taxes receivable	-	-	-	-	-	4,223
Accounts receivable	-	-	-	-	-	22,965
Due from other governments	-	-	1,661	-	-	9,078
Due from other funds	-	-	-	-	-	1,164
Prepays	-	-	-	-	-	107,234
Total assets	<u>\$ 5,178</u>	<u>\$ 3,987</u>	<u>\$ 1,661</u>	<u>\$ 116,755</u>	<u>\$ 5,655</u>	<u>\$ 880,536</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,908
Due to other funds	-	-	4,450	-	-	5,614
Refundable advances	5,178	-	-	-	-	5,178
Total liabilities	<u>5,178</u>	<u>-</u>	<u>4,450</u>	<u>-</u>	<u>-</u>	<u>12,700</u>
Deferred inflows of resources						
Unavailable property tax revenue	-	-	-	-	-	1,293
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,293</u>
Fund balances						
Nonspendable	-	-	-	-	-	107,234
Restricted						
Rural fire protection	-	-	-	-	-	14,248
Parks and recreation	-	-	-	-	-	63,482
Health department	-	-	-	-	-	56,078
Enhanced 911	-	-	-	-	-	311,123
Grants	-	-	-	-	5,655	71,746
Committed						
Impact assistance	-	-	-	116,755	-	116,755
Assigned						
Inmate welfare	-	-	-	-	-	70,771
Unassigned	-	3,987	(2,789)	-	-	55,106
Total fund balances (deficit)	<u>-</u>	<u>3,987</u>	<u>(2,789)</u>	<u>116,755</u>	<u>5,655</u>	<u>866,543</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,178</u>	<u>\$ 3,987</u>	<u>\$ 1,661</u>	<u>\$ 116,755</u>	<u>\$ 5,655</u>	<u>\$ 880,536</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2017

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
Revenues					
Taxes	\$ 108	\$ 1,646	\$ 1,216	\$ -	\$ -
Intergovernmental revenues	817	238	295	163,105	5,990
Investment income (loss)	2	-	115	1,171	59
Miscellaneous revenues	-	29	29	-	-
Total revenues	<u>927</u>	<u>1,913</u>	<u>1,655</u>	<u>164,276</u>	<u>6,049</u>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	344,071	676
Health, welfare and recreation	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,071</u>	<u>676</u>
Net changes in fund balances	<u>927</u>	<u>1,913</u>	<u>1,655</u>	<u>(179,795)</u>	<u>5,373</u>
Fund balances (deficits), beginning of year	<u>13,321</u>	<u>61,569</u>	<u>54,423</u>	<u>598,152</u>	<u>23,190</u>
Fund balances (deficits), end of year	<u>\$ 14,248</u>	<u>\$ 63,482</u>	<u>\$ 56,078</u>	<u>\$ 418,357</u>	<u>\$ 28,563</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grant	Inmate Welfare	Offender Monitoring	Ebola Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	11,384	-	147,222	-	-	19,101
-	-	-	-	196	-	-
-	-	-	-	-	-	-
-	11,384	-	147,222	196	-	19,101
-	-	-	3,642	-	-	-
-	-	-	121,757	8,338	6,814	-
-	9,285	-	-	-	-	19,101
-	9,285	-	125,399	8,338	6,814	19,101
-	2,099	-	21,823	(8,142)	(6,814)	-
24,451	(46)	11,024	32,085	78,913	6,814	-
\$ 24,451	\$ 2,053	\$ 11,024	\$ 53,908	\$ 70,771	\$ -	\$ -

(Continued)

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 Year Ended June 30, 2017

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	HIV	Total Special Revenue Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,970
Intergovernmental revenues	89,585	66,332	9,082	16,054	5,655	534,860
Investment income (loss)	-	(44)	-	-	-	1,499
Miscellaneous revenues	-	-	-	-	-	58
Total revenues	<u>89,585</u>	<u>66,288</u>	<u>9,082</u>	<u>16,054</u>	<u>5,655</u>	<u>539,387</u>
Expenditures						
General government	89,519	-	-	-	-	93,161
Public safety	-	-	-	-	-	481,656
Health, welfare and recreation	-	49,341	9,082	-	-	86,809
Total expenditures	<u>89,519</u>	<u>49,341</u>	<u>9,082</u>	<u>-</u>	<u>-</u>	<u>661,626</u>
Net changes in fund balances	<u>66</u>	<u>16,947</u>	<u>-</u>	<u>16,054</u>	<u>5,655</u>	<u>(122,239)</u>
Fund balances (deficits), beginning of year	<u>(66)</u>	<u>(12,960)</u>	<u>(2,789)</u>	<u>100,701</u>	<u>-</u>	<u>988,782</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 3,987</u>	<u>\$ (2,789)</u>	<u>\$ 116,755</u>	<u>\$ 5,655</u>	<u>\$ 866,543</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2017

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 466,130	\$ 228,441	\$ 694,571
Investments	53,228	3,398	56,626
Property taxes receivable	16,725	-	16,725
Accounts receivable	9,721	-	9,721
Due from primary government	228,387	-	228,387
Restricted cash and cash equivalents	6,986,055	118,452	7,104,507
Restricted investments	-	142,943	142,943
Beneficial interest in assets held by others	-	239,450	239,450
Capital assets being depreciated, net of accumulated depreciation	16,554,373	-	16,554,373
Total assets	<u>24,314,619</u>	<u>732,684</u>	<u>25,047,303</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	188,291	-	188,291
Total deferred outflows of resources	<u>188,291</u>	<u>-</u>	<u>188,291</u>
LIABILITIES			
Accounts payable	10,012	-	10,012
Noncurrent liabilities			
Due within one year	4,375	-	4,375
Due in more than one year	45,413	-	45,413
Net pension liability	636,545	-	636,545
Total liabilities	<u>696,345</u>	<u>-</u>	<u>696,345</u>
DEFERRED INFLOWS OF RESOURCES			
Pension items	38,769	-	38,769
Total deferred inflows of resources	<u>38,769</u>	<u>-</u>	<u>38,769</u>
NET POSITION			
Net investment in capital assets	16,533,273	-	16,533,273
Restricted by donors, nonexpendable	-	581,927	581,927
Restricted by donors, expendable	-	48,543	48,543
Restricted by voters	6,986,055	-	6,986,055
Unrestricted	248,468	102,214	350,682
Total net position	<u>\$ 23,767,796</u>	<u>\$ 732,684</u>	<u>\$ 24,500,480</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION

Year Ended June 30, 2017

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Taxes	\$ 14,354	\$ -	\$ 14,354
Charges for services	12,157	-	12,157
Intergovernmental revenue	8,101,039	9,638	8,110,677
Miscellaneous	53	81	134
Investment income	24,831	18,697	43,528
Public support	-	2,036	2,036
Total revenues	<u>8,152,434</u>	<u>30,452</u>	<u>8,182,886</u>
Expenditures			
Current			
Health, welfare and recreation	2,498,559	28,969	2,527,528
Debt service			
Interest	2,286	-	2,286
Total expenditures	<u>2,500,845</u>	<u>28,969</u>	<u>2,529,814</u>
Excess of revenues over expenditures	5,651,589	1,483	
Other financing sources			
Contributed capital	17,156,709	-	17,156,709
	<u>17,156,709</u>	<u>-</u>	<u>17,156,709</u>
Net change in fund balance	22,808,298	1,483	22,809,781
Net position, beginning of year	<u>959,498</u>	<u>731,201</u>	<u>1,690,699</u>
Net position, end of year	<u>\$ 23,767,796</u>	<u>\$ 732,684</u>	<u>\$ 24,500,480</u>

COMPLIANCE INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Converse County, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Converse County, Wyoming (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 5, 2018. Our report includes a reference to other auditors who audited the financial statements for the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board as described in our report on Converse County, Wyoming's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2017-001, 2017-002, and 2017-003 that we consider to be material weaknesses.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2007-004.

We noted certain matters that we reported to management of the County in a separate letter dated March 5, 2018.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
March 5, 2018

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

Material Weakness in Internal Control over Financial Reporting

2017-001

Financial Reporting

Criteria:

The Government Accountability Office requires management to be responsible for the preparation and fair presentation of the financial statements in accordance with GAAP.

Condition:

The County regularly prepares budgetary basis financial reports. However, the County's budgetary basis differs significantly from GAAP.

Cause:

In our judgement, the County's accounting personnel lack the knowledge and experience to prepare accurate GAAP basis financial statements and related footnotes.

Effect:

With limited understanding, the financial statements may include undetected errors and irregularities or omit information which is important to the readers of the financial statements.

Recommendation:

We recommend the financial staff attend training to enhance their understanding of governmental GAAP basis financial reporting and disclosures. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the County is necessary to obtain a complete and adequate understanding of the County's annual financial report. The County may consider and implement additional internal control procedures to ensure the accuracy or preparation of financial records and annual financial statements.

Views of Responsible Officials and Planned Corrective Actions:

While the County understands the requirement, the County does not see a significant value from the technical compliance with this statement. The County feels that there is no justifiable benefit to employ a certified public accountant for the sole purpose of converting the County's budgetary basis reporting to the GAAP based annual financial statement. The County's accounting personnel have the skills and understand the County's finances to find and correct material misstatements on the budgetary basis. The lack of familiarity with all required disclosures for formal financial reporting in accordance with GAAP reflects more on the esoteric nature of many required disclosures than the management/oversight capabilities of the County's personnel.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

Material Weakness in Internal Control over Financial Reporting (Continued)

2017-002

Material Audit Adjustments

Criteria:

Strong internal controls require personnel to be responsible and capable of financial record keeping and reporting.

Condition:

County personnel were not able to identify all balances and necessary adjustments which were significant to the financial records and financial statements. Material audit adjustments were required to present the financial statements from being materially misstated in accordance with generally accepted accounting principles accepted in the United States (GAAP).

Cause:

Personnel are relying primarily on the budgetary basis of accounting without full consideration of all adjustments required for GAAP reporting.

Effect:

Significant journal entries were posted in the following areas:

- Property taxes receivable, deferred property taxes, property tax revenues
- Accounts and notes receivable
- Prepaid expenses
- Accounts payable
- Capital Assets
- Special purpose tax

These journal entries were required to correct the balances for governmental funds financial statements and government wide financial statements. While these entries are not part of the County's assessment of budgetary compliance, they do include commitments, liabilities, and balances that are significant to the County's complete financial information.

Recommendation:

In our judgment, management and those charged with governance need to consider the procedures needed to ensure that complete and accurate financial information is available and evaluated in a timely manner to properly record transactions in accordance with GAAP.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

Material Weakness in Internal Control over Financial Reporting (Continued)

2017-002 (Continued)

Views of Responsible Officials and Planned Corrective Actions:

The County feels that there is no justifiable benefit to employ a certified public accountant for the sole purpose of converting the County's budgetary basis reporting to the GAAP based annual financial statement. The County's accounting personnel have the skills and understand the County's finances to find and correct material misstatements on the budgetary basis.

2017-003

Converse County Library Lack of Segregation of Duties and Material Audit Adjustments

Criteria:

An essential feature of internal accounting control includes the segregation of functions such that the responsibility for executing a transaction, recording the transaction, and custody of the assets resulting from the transaction should be assigned to different people. Strong internal controls also require personnel to be responsible and capable of financial record keeping and reporting

Condition:

Segregation of duties was not present for all accounting functions at the Converse County Library, a component unit. The Converse County Library personnel did not identify all balances and necessary adjustments which were significant to the budgetary financial records and financial statements. Material audit adjustments were required to prevent the financial statements from being materially misstated in accordance with generally accepted accounting principles accepted in the United States (GAAP.)

Cause:

The small size of the Converse County Library's personnel limits makes it difficult to fully segregate the accounting function. However, the main cause of the material adjustments is due to the lack of adequate review by management.

Effect:

As a result, some of the aspects of internal accounting control which rely upon adequate segregation of duties are not in place at the Converse County Library. The lack of review resulted in material audit adjustments to the budgetary basis which is relied upon for financial oversight by management and the board. Additionally the significant adjustment to the budgetary basis contribute to overall adjustments to the financial statements.

Significant journal entries were posted in the following areas:

- Cash
- Receivables
- Capital assets
- Net position

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

Material Weakness in Internal Control over Financial Reporting (Continued)

2017-003 (Continued)

Recommendation:

The supervision and periodic review procedures currently in place help mitigate the lack of proper segregation of duties and should be continued. Some additional procedures which can be performed to mitigate the lack of segregation of duties include the following:

- Receive all bank statements unopened and review their contents;
- Have bank statements reconciled immediately;
- Review bank reconciliations carefully;
- Review monthly aging of accounts receivable and payable;
- Review and approve all write-offs of accounts receivable and credit memorandums;
- Review supporting documentation for all disbursements in excess of predetermined amounts;
- Sign all checks for amounts in excess of predetermined amounts;
- Control access to signature stamps or plates;
- Approve and monitor changes to payroll;
- Review monthly financial statements and question variances; and
- Have a questioning attitude.

The Converse County Library should review its process of preparation and review of financial records to ensure its accuracy.

Views of Responsible Officials and Planned Corrective Actions:

The board of the Converse County Library understands their responsibility to provide oversight to mitigate any deficiencies in segregation of duties; the Converse County Library board will insure the recommendations provided to them are adopted and followed.

Compliance

2007-004

Criteria:

According to Wyoming Statute 9-13-106 Official Decisions and Votes, a public official, public member or public employee shall not make an official decision or vote on an official decision if the public official, public member or public employee has a personal or private interest in the matter. In addition, Wyoming Statute 16-6-118 Unlawful Interest of Officeholders in Public Contracts or Works; Exception. It is unlawful for any person holding any office, either by election or appointment, under the constitution or laws of this state, to become in any matter interested, either directly or indirectly, in his own name or in the name of any other person or corporation, in any contract, or the performance on any work in the making or letting of which the officer may be call upon to act or vote. It is unlawful for any officer to represent either as agent or otherwise, any person, company or corporation, in respect to any application or bid for any contract or work in which the officer may be called upon to vote or take or receive, or offer to take or receive, either directly or indirectly, any money or other thing of value, as a gift or bribe, or means of influencing his vote or action in his official character. Any contracts made and procured in violation of this subsection are null and void and the person violating this subsection may be removed from office.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

Compliance (Continued)

2017-004 (Continued)

However, if the official discloses the nature and extent thereof to all the contracting parties concerned and absents himself or herself during the considerations and vote thereon and does not attempt to influence any of the contracting parties and does not act directly or indirectly for the governing body in the inspection, operation, administration or performance of any contract, then the acts are not unlawful under this section.

Condition:

The County Commissioner did not abstain from voting on approval of voucher payments to himself.

Cause:

While the County was aware of the applicable Wyoming Statute regarding unlawful interest of officeholders in public contracts or works, the County didn't realize the officeholders need to abstain from voting on payments.

Effect:

The County Commissioner did not abstain from voting on payments for vouchers of approximately \$93,000 in which he had a personal interest.

Recommendation:

The County Commissioners need to abstain from vote on vouchers with personal financial interest. This should be documented in the Commissioners minutes which can be documented in the approval of voucher payments consent agenda.

Views of Responsible Officials and Planned Corrective Actions:

The County will comply with this Wyoming Statute in the future.

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Board of Commissioners

Converse County, Wyoming

107 No. 5th St., Suite 114 • Douglas, WY 82633-2448 • 307-358-2244 • Fax 307-358-5998

Rick Grant, Chair • Robert Short, Vice-Chair • Mike Colling • Tony Lehner • Jim Willox

STATUS OF PRIOR YEAR FINDINGS

2016-001

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. AU 265 emphasizes that the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

The County has controls in place and operating over the preparation of budget-basis financial reports, including in-depth review by management and the Board and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. In our judgment, the County's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP and to detect and correct a material misstatement, if present.

Status

While the County understands the issued guidelines under AU 265, the County does not see a significant value from the technical compliance with this statement or a cost benefit to the County. The condition still exists, see 2017-001.

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