

Converse County, Wyoming

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2018



CONVERSE COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2018

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FINANCIAL SECTION

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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, 2018, 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 98 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.



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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, 2018, 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Schedule of Expenditures of Federal Awards

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, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards 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 by us and other auditors. In our opinion, the other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, 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 25, 2019
Casper, Wyoming

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(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, 2018. 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, 2018 by \$111,371,307 (Net Position). Of this amount \$37,979,149 (Unrestricted Net Position) may be used to meet ongoing obligations, and \$72,059,928 is invested in capital assets, net of related debt.

As of June 30, 2018, the County's governmental funds reported combined fund balances of \$42,830,826. Unassigned fund balance of the governmental fund balance was \$11,087,342.

The fund balance for the general fund was \$29,226,935 as of June 30, 2018, with an unassigned fund balance of \$11,088,742.

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 and Other 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.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

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

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

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

The government-wide financial statements include not only 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, the Memorial Hospital of Converse County, the Converse County Fair, and the Joint Justice Center Joint Powers Board. 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. The Joint Justice Center Joint Powers Board and the Converse County Fair do not issue separate financial statements.

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.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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

Consequently, the governmental funds statements provide a short-term view that helps determine if there are more or fewer financial resources to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, we provide an analysis 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 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 Joint Justice Center Joint Powers Board 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 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.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

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 \$111,371,307. A large portion of the County's net position (65%) 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 \$709,431 in outstanding debt related to its capital assets. The unrestricted net position of \$37,979,149 (34%) may be used to meet the County's ongoing obligations.

The County's net position for the governmental activities as of June 30, 2018, was as follows:

	2018	Variance	As restated 2017
ASSETS			
Current assets	\$ 61,591,304	\$ 1,210,407	\$ 60,380,897
Capital assets, net of accumulated depreciation	72,769,359	9,725,968	63,043,391
Total assets	134,360,663	10,936,375	123,424,288
DEFERRED OUTFLOWS OF RESOURCES	2,800,702	649,311	2,151,391
LIABILITIES			
Current liabilities	1,337,114	2,707,393	4,044,507
Due in more than one year	336,843	(16,081)	320,762
Pension liability	6,218,493	(103,616)	6,114,877
Total liabilities	7,892,450	2,587,696	10,480,146
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	16,374,320	(3,051,292)	13,323,028
Pension items	1,523,288	(1,350,642)	172,646
	17,897,608	(4,401,934)	13,495,674
NET POSITION			
Net investment in capital assets	72,059,928	12,007,087	60,052,841
Restricted	1,332,230	(1,640,780)	2,973,010
Unrestricted	37,979,149	(594,859)	38,574,008
Total net position	\$ 111,371,307	\$ 9,771,448	\$ 101,599,859

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018
(Unaudited)

Government-wide Financial Analysis (Continued)

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

	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>	<u>Variance</u>
Revenues					
General					
Taxes					
Property	\$ 13,285,499	37.8%	\$ 18,330,921	52.0%	\$ (5,045,422)
Sales	6,658,501	19.0%	4,304,493	12.2%	2,354,008
Other	6,439,077	18.3%	4,651,181	13.2%	1,787,896
Other grants and contributions	152,559	0.4%	150,343	0.4%	2,216
Payments in lieu of taxes	772,089	2.2%	737,099	2.1%	34,990
Unrestricted interest earnings	199,645	0.6%	186,461	0.6%	13,184
Special item - disposal of capital	90,318	0.3%	-	0.1%	90,318
Miscellaneous	117,104	0.3%	43,974	0.1%	73,130
Program Revenues					
Charges for services	1,290,090	3.7%	1,000,317	2.8%	289,773
Operating grants and contributions	903,079	2.6%	882,450	2.5%	20,629
Capital grants contributions	5,205,901	14.8%	4,936,378	14.0%	269,523
Total revenues	<u>35,113,862</u>	<u>100.0%</u>	<u>35,223,617</u>	<u>100.0%</u>	<u>(109,755)</u>
Expenses					
General government	10,416,075	41.1%	17,789,128	29.7%	(7,373,053)
Public safety	4,941,396	19.5%	6,374,171	10.7%	(1,432,775)
Public works	9,307,278	36.7%	7,826,284	13.0%	1,480,994
Health, welfare, and recreation	533,121	2.1%	27,839,617	46.4%	(27,306,496)
Conservation of natural resources	139,656	0.6%	141,931	0.2%	(2,275)
Interest on long-term debt	4,888	0.0%	7,219	0.0%	(2,331)
Total expenses	<u>25,342,414</u>	<u>100.0%</u>	<u>59,978,350</u>	<u>100.0%</u>	<u>(34,635,936)</u>
Changes in net position	9,771,448		(24,754,733)		<u>\$ 34,526,181</u>
Net position, beginning of year	100,550,343		-		
Prior period adjustment	1,049,516		-		
Net position, beginning of year as restated	101,599,859		125,305,076		
Net position, end of year	<u>\$ 111,371,307</u>		<u>\$ 100,550,343</u>		

Financial Analysis of the County's Funds

The County's activities are contained in the General, County Roads, Capital Projects, and Joint Justice Center Joint Powers Board 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, 2018, the County's governmental funds reported combined fund balances of \$42,830,826.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018
(Unaudited)

Financial Analysis of the County's Funds (Continued)

The General Fund is the main operating fund of the County. As of June 30, 2018, the total fund balance was \$29,226,935, while the unassigned General Fund balance was \$11,088,742.

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, 2018, the County Road Fund showed a fund balance of \$8,246,648.

The Joint Justice Center Joint Powers Board is a blended component unit of the County, and it accounts for the operation of the Converse County Justice Center. The County has 74% interest and responsibility for the expenditures of the Converse Justice Center. The City of Douglas has the remaining interest and responsibility of the expenditures.

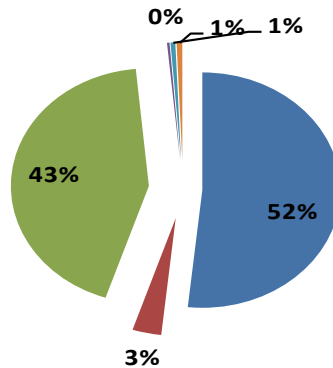
The Capital Projects Fund is used to account for major construction projects at the County.

Revenues for governmental funds were approximately \$35 million for the fiscal year ended June 30, 2018. The following schedule presents revenues by source.

Revenues	2018	Percentage	2017	Percentage	Variance
Taxes	\$ 18,127,821	51.7%	\$ 21,333,731	60.6%	\$ (3,205,910)
Licenses and permits	1,186,188	3.4%	916,555	2.6%	269,633
Intergovernmental revenues	15,221,341	43.4%	12,583,220	35.8%	2,638,121
Charges for services	103,902	0.3%	83,762	0.2%	20,140
Investment income	191,668	0.5%	180,948	0.5%	10,720
Miscellaneous	236,628	0.7%	92,546	0.3%	144,082
Total revenues	\$ 35,067,548	100.0%	\$ 35,190,762	100.0%	\$ (123,214)

Revenue

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



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018
 (Unaudited)

Financial Analysis of the County's Funds (Continued)

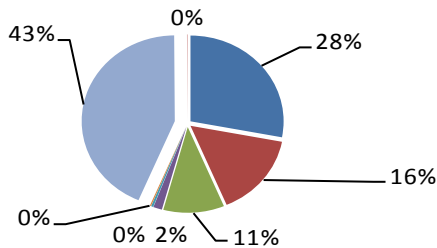
Expenditures for governmental funds were \$35,735,512 for fiscal year 2018. The major difference from 2017 related to the County's contribution of the completed Converse County Library buildings and remaining funds from the Special Purpose Tax Fund to the Converse County Library in the prior year.

The following schedule presents expenditures by activities.

Expenditures	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>	<u>Variance</u>
Current					
General government	\$ 10,001,212	28.0%	\$ 10,168,222	20.3%	\$ (167,010)
Public safety	5,598,949	15.7%	5,384,133	10.8%	214,816
Public works	3,786,386	10.6%	3,493,798	7.0%	292,588
Health, welfare and recreation	544,368	1.5%	7,708,929	15.4%	(7,164,561)
Conservation of natural resources	137,297	0.4%	135,156	0.3%	2,141
Economic development	40,400	0.1%	4,347	0.0%	36,053
Debt Service					
Principal	75,170	0.2%	72,839	0.1%	2,331
Interest	4,888	0.0%	7,219	0.0%	(2,331)
Capital outlay	15,546,842	43.5%	23,094,515	46.1%	(7,547,673)
Total expenditures	<u>\$ 35,735,512</u>	<u>100.0%</u>	<u>\$ 50,069,158</u>	<u>100.0%</u>	<u>\$ (14,333,646)</u>

Expenses

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



Even as the energy sector in Converse County began to recover in Fiscal Year 2018, revenues remained flat, with a less than 1% variance in collections from Fiscal Year 2017 to Fiscal Year 2018. This is mostly due to the lag in property taxes, where soft oil and gas prices caused the overall county valuation to fall from \$1.52 billion in tax year 2016 to \$1.1 billion in tax year 2017, or 27%. The valuation decrease resulted in a commensurate decrease in revenue to the General Fund, which received \$18.2 million in FY 2017 and \$13.4 million in FY 2018.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Fortunately, sales tax collections, driven by expansion in the energy sector, increased 80%, offsetting some of the loss from property taxes. In Fiscal Year 2018, the General Fund received \$8.3 million in sales tax revenues, compared to \$4.6 million in FY 2017.

The additional \$3.7 million in sales tax revenue was largely unexpected and unplanned. The county budgeted \$5.1 million in sales tax revenue to the General Fund in FY 2018, a slight decrease from the \$5.1 million budgeted in FY 2017.

The Mining Sector, which includes industries in support of mining and oil and gas, accounted for 44% of all sales tax revenues and provided 170% more revenue in FY 2018 compared to FY 2017. The health in that industry cascaded to other sectors, with the Wholesale Trade sector increasing 135% and the Retail Sales sector increasing 10% from the prior year.

As revenues remained flat from FY 2017 to FY 2018, so did general governmental spending, which went largely unchanged. The county spent \$10.1 million on general government operations in FY 2017 and \$10.0 million in FY 2018.

For the second year in a row, the largest county expense was for construction of the Joint Justice Center. The County expended \$11.6 million in FY 2018 to bring the project to substantial completion, with \$2.9 million of that being reimbursed by the City of Douglas. The overall spending from the Joint Justice Center Construction Fund totaled \$30.2 million across four fiscal years, with \$8.2 million reimbursed by the City of Douglas.

Fiscal Year	Gross Expense	City Reimbursements	Net Expenses
2016	\$2,356,043	\$0	\$2,356,043
2017	\$15,274,748	\$4,787,303	\$10,487,445
2018	\$11,613,294	\$2,940,240	\$8,673,054
2019 (YTD)	\$913,721	\$450,761	\$462,960
Totals:	\$30,157,806	\$8,178,304	\$21,979,502

As the project shifts from construction to operations, expenses shift from the cost of building the Justice Center to the cost of running it. Through the first seven months of FY 2019, operational costs have averaged \$21,500 monthly, for an annual estimated cost of approximately \$258,000. Those costs do not include expenses involved with the operation of the Joint Communications Center, which are split evenly between the City of Douglas and the County.

Although revenues were flat from Fiscal Year 2017 to Fiscal Year 2018, the County was able to add to reserves. The Fiscal Year 2018 budget called for \$3.1 million to be added to the Building & Maintenance Reserve Fund, with another \$3.5 million and \$500,000 added to the Operating Reserve and Depreciation Reserve Funds, respectively.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2018 was approximately \$72.8 million (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), construction in progress, machinery equipment and office fixtures, land, building improvements, and buildings.

In Fiscal Year 2018, the County continued to address road projects, budgeting \$1.8 million for Mormon Canyon Road, \$1.4 million for Jenne Trail, \$1,000,000 for Brownfield Road, \$460,000 for Irvine Road, \$100,000 for Anderson Dairy Road, \$100,000 for Coulter trail and another \$2 million to use on other roads as needed.

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 leases and purchases were also funded in the Fiscal Year 2018 budget, including the continued leasing of two blades, the purchase of two snow plow trucks, two sanders, two twelve-foot plows, one dump box and one truck. Expenses from the Depreciation Reserve for Road and Bridge equipment totaled \$443,635 in FY 2018.

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 \$7,417,281 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 \$6,218,493, \$6,114,877, and \$5,710,878, as of June 30, 2018, 2017, and 2016, respectively.

Fiscal year 2018 Budget

The County anticipated less available revenue for FY 2018, budgeting \$23.7 million in General Fund revenue, down \$5.0 million, or 17%, from the \$28.7 million received in FY 2017.

That decrease was not realized, as the county received \$28.3 million in revenues, \$4.6 million more than the budget reflected.

The excess revenues came from several sources, including:

General Sales Tax:	\$2,880,200 Budget	\$4,669,527 Actual	\$1,789,327 Excess
1% Option Sales Tax:	\$2,225,779 Budget	\$3,664,242 Actual	\$1,438,463 Excess
Payment in lieu of Tax:	\$419,189 Budget	\$ 772,089 Actual	\$352,900 Excess
County Clerk Fees:	\$320,000 Budget	\$ 578,707 Actual	\$258,707 Excess

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Property taxes continue to account for the majority of General Fund revenue, accounting for \$13.3 million of the \$23.5 collected, or 57% of the total. The County's valuation bounced back from the \$1.1 billion valuation in tax year 2017 to \$1.36 billion in tax year 2018, a 24% increase, largely due to an increase in oil production and value.

Next Year's Budget and Rates

Although the County again anticipated a decline in revenues for Fiscal Year 2019, budgeting \$26.3 million in General Fund revenues after receiving \$28 million in FY 2018, revenue projections at mid-year indicate that the County will again exceed budget targets by several million dollars. Sales tax revenues, for example, have already exceeded budget estimates by \$1.8 million.

The promising revenue outlook continues into Fiscal Year 2020, with property tax valuations likely to be back around the County's peak of \$1.8 billion or even higher. The sales volume of oil production in Converse County hit a record 9.9 million barrels at mid-year, up 82% from 2018 and the price per barrel has averaged \$57.31, compared to an average of \$43.97 in 2017.

The associated increase in tax value could bring an additional \$4 million to the General Fund in FY 2020, offsetting the continual decrease of coal valuation.

Economic Factors

The county's taxable value rebounded from a two-year slide on the strength of increased oil production and valuation:

2018 Taxable Value	\$1,360,264,100
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

The valuation increase and decrease is due to the cyclical nature of the extraction industry, where increased production drives prices down until the industry contracts and demand outpaces production. At that point, prices rise and expansion and production increase again. The County is currently in the upswing portion of the cycle.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018
(Unaudited)

Financial Analysis of the County's Funds (Continued)

Economic Factors (Continued)

While the valuation on coal and uranium continues to decrease due to flagging demand, oil and gas valuations significantly increased from tax year 2017 to tax year 2018.

<u>Mineral</u>	<u>2016 Value</u>	<u>2017 Value</u>	<u>2018 Value</u>
Coal	\$231,733,939	\$158,189,068	\$115,908,856
Oil	\$694,956,316	\$395,523,045	\$620,394,836
Gas	\$ 89,110,848	\$ 50,499,834	\$121,730,817
Uranium	\$ 23,657,637	\$ 9,478,854	\$ 2,580,068

Expectations are the oil and gas valuation will continue to rise in tax year 2019, due to increased production and steady prices. Coal and uranium valuation is likely to continue to decline.

Regardless of the extraction industry cycles of boom or bust and the bankruptcies of coal companies and other businesses, the County Treasurer's Office continues to collect property taxes at a high rate, exceeding 99% each tax year.

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	\$66,104,049	99.62%	-\$14,353	\$254,416	0.38%
2018	\$80,675,069	n/a	n/a	n/a	n/a	n/a

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(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, 2018, the County was required to pay back \$654,518 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 \$77,576.

More information on Property Tax Repayments can be found in Note 6.

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.

BASIC FINANCIAL STATEMENTS

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CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government		Component
	Governmental	Total	Units
	Activities		Total
ASSETS			
Cash and cash equivalents	\$ 21,842,231	\$ 21,842,231	\$ 10,814,668
Investments	19,704,847	19,704,847	1,584,455
Property and other taxes receivable	16,422,992	16,422,992	871,033
Accounts receivable	83,330	83,330	9,023,224
Due from other governments	3,155,218	3,155,218	489,020
Other current assets	-	-	955,091
Prepaid items	197,327	197,327	-
Inventory	-	-	1,933,126
Restricted cash and cash equivalents	172,132	172,132	3,931,561
Restricted investments, long-term	-	-	9,352,398
Notes receivable	13,227	13,227	-
Other assets, long-term	-	-	241,497
Beneficial interest in assets held by others	-	-	251,511
Capital assets not being depreciated	32,474,984	32,474,984	6,934,032
Capital assets being depreciated, net of accumulated depreciation	40,294,375	40,294,375	47,262,082
Total assets	<u>134,360,663</u>	<u>134,360,663</u>	<u>93,643,698</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	-	225,435
Pension plan items	2,800,702	2,800,702	316,574
Total deferred outflows of resources	<u>2,800,702</u>	<u>2,800,702</u>	<u>542,009</u>
LIABILITIES			
Accounts payable and accrued liabilities	291,164	291,164	4,953,416
Cash held for others	172,132	172,132	-
Refundable advances	11,873	11,873	-
Noncurrent liabilities			
Due within one year	861,945	861,945	1,840,888
Due in more than one year	336,843	336,843	6,660,626
Net pension liability	6,218,493	6,218,493	932,979
Total liabilities	<u>7,892,450</u>	<u>7,892,450</u>	<u>14,387,909</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	16,374,320	16,374,320	850,163
Pension plan items	1,523,288	1,523,288	165,266
Total deferred inflows of resources	<u>17,897,608</u>	<u>17,897,608</u>	<u>1,015,429</u>
NET POSITION			
Net investment in capital assets	72,059,928	72,059,928	47,143,594
Restricted by			
State statutes (W.S. 24-2-110)	716,539	716,539	-
Grantors and others	615,691	615,691	-
Voters	-	-	6,958,914
Expendable	-	-	499,069
Nonexpendable	-	-	581,978
Unrestricted	37,979,149	37,979,149	23,598,814
Total net position	<u>\$ 111,371,307</u>	<u>\$ 111,371,307</u>	<u>\$ 78,782,369</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 10,416,075	\$ 1,161,283	\$ 205,719	\$ -
Public safety	4,941,396	32,472	450,420	4,688,175
Public works	9,307,278	-	82,270	515,599
Health, welfare, and recreation	533,121	96,335	164,670	2,127
Conservation of natural resources	139,656	-	-	-
Interest on long-term debt	4,888	-	-	-
Total governmental activities	<u>25,342,414</u>	<u>1,290,090</u>	<u>903,079</u>	<u>5,205,901</u>
Total primary government	<u>\$ 25,342,414</u>	<u>\$ 1,290,090</u>	<u>\$ 903,079</u>	<u>\$ 5,205,901</u>
Component units	<u>\$ 63,901,934</u>	<u>\$ 56,644,796</u>	<u>\$ 2,974,991</u>	<u>\$ 835,340</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
 Special item - disposal of capital assets

Total general revenues

Change in net position

Net position, beginning of year

Prior period adjustment

Net position, as restated

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		<u>Component Units Totals</u>
<u>Governmental Activities</u>	<u>Total</u>	
\$ (9,049,073)	\$ (9,049,073)	\$ -
229,671	229,671	-
(8,709,409)	(8,709,409)	-
(269,989)	(269,989)	-
(139,656)	(139,656)	-
(4,888)	(4,888)	-
<u>(17,943,344)</u>	<u>(17,943,344)</u>	<u>-</u>
(17,943,344)	(17,943,344)	-
-	-	(3,446,807)
13,285,499	13,285,499	939,266
6,658,501	6,658,501	-
6,439,077	6,439,077	-
152,559	152,559	-
772,089	772,089	-
199,645	199,645	355,734
117,104	117,104	89,934
90,318	90,318	-
<u>27,714,792</u>	<u>27,714,792</u>	<u>1,384,934</u>
9,771,448	9,771,448	(2,061,873)
<u>100,550,343</u>	<u>100,550,343</u>	<u>80,844,242</u>
1,049,516	1,049,516	80,844,242
<u>101,599,859</u>	<u>101,599,859</u>	<u>161,688,484</u>
<u>\$ 111,371,307</u>	<u>\$ 111,371,307</u>	<u>\$ 78,782,369</u>

CONVERSE COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund	County Roads Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 11,156,874	\$ 5,448,405	\$ 3,848,655
Investments	16,271,170	2,814,708	-
Property and other taxes receivable	16,422,406	-	-
Accounts receivable	56,003	-	-
Due from other governments	2,357,915	47,457	650,177
Due from other funds	17,773	-	-
Prepaid expense	62,828	-	-
Restricted cash	172,132	-	-
Note receivable	13,227	-	-
Total assets	<u>\$ 46,530,328</u>	<u>\$ 8,310,570</u>	<u>\$ 4,498,832</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 168,807	\$ 50,449	\$ 63,695
Due to other funds	1,920	13,473	-
Cash held for others	172,132	-	-
Refundable advances	-	-	-
Total liabilities	<u>342,859</u>	<u>63,922</u>	<u>63,695</u>
Deferred inflows of resources			
Unavailable property tax revenue	16,423,538	-	-
Unavailable wind tax revenue	536,996	-	-
Total deferred inflows of resources	<u>16,960,534</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	62,828	-	-
Restricted			
Special revenue funds	-	-	-
County road construction	-	716,539	-
Committed			
Economic development	201,364	-	-
Justice Center	-	-	4,435,137
County road construction	-	7,530,109	-
Assigned	17,874,001	-	-
Unassigned	11,088,742	-	-
Total fund balances	<u>29,226,935</u>	<u>8,246,648</u>	<u>4,435,137</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,530,328</u>	<u>\$ 8,310,570</u>	<u>\$ 4,498,832</u>

See accompanying notes to the financial statements

Nonmajor Special Revenue Funds	Joint Justice Center Joint Powers Board	Total Governmental Funds
\$ 636,496	\$ 89,847	\$ 21,180,277
-	-	19,085,878
586	-	16,422,992
27,327	-	83,330
17,781	81,888	3,155,218
220	-	17,993
83,838	-	146,666
-	-	172,132
-	-	13,227
<u>\$ 766,248</u>	<u>\$ 171,735</u>	<u>\$ 60,277,713</u>

\$ 151	\$ 667	\$ 283,769
2,600	-	17,993
-	-	172,132
11,873	-	11,873
<u>14,624</u>	<u>667</u>	<u>485,767</u>

586	-	16,424,124
-	-	536,996

<u>586</u>	<u>-</u>	<u>16,961,120</u>
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83,838	-	146,666
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615,691	-	615,691
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-	-	716,539
---	---	---------

-	-	201,364
---	---	---------

-	171,068	4,606,205
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-	-	7,530,109
---	---	-----------

52,909	-	17,926,910
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(1,400)	-	11,087,342
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<u>751,038</u>	<u>171,068</u>	<u>42,830,826</u>
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<u>\$ 766,248</u>	<u>\$ 171,735</u>	<u>\$ 60,277,713</u>
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CONVERSE COUNTY, WYOMING

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

June 30, 2018

Total fund balances - governmental funds		\$ 42,830,826
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total capital assets reported in the government-wide statements.		
		72,769,359
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 wind tax revenue		536,996
Unavailable property tax revenue		49,804
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.		
		1,209,189
Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds.		
Pension plan items - deferred outflows of resources	\$ 2,800,702	
Pension plan items - deferred inflows of resources	<u>(1,523,288)</u>	1,277,414
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	(78,542)	
Retainage	(631,855)	
Capital leases	(77,576)	
Compensated absences	(295,815)	
Net pension liability	<u>(6,218,493)</u>	<u>(7,302,281)</u>
Net position of governmental activities		<u><u>\$ 111,371,307</u></u>

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, 2018**

	General Fund	County Roads Fund	Capital Projects Fund
Revenues			
Taxes	\$ 18,127,207	\$ -	\$ -
Licenses and permits	1,186,188	-	-
Intergovernmental revenues	9,033,426	959,513	4,511,175
Charges for services	103,902	-	-
Investment income	149,107	26,089	15,355
Miscellaneous revenues	200,465	-	-
Total revenues	<u>28,800,295</u>	<u>985,602</u>	<u>4,526,530</u>
Expenditures			
Current			
General government	9,896,920	-	-
Public safety	4,862,980	-	-
Public works	3,786,386	-	-
Health, welfare and recreation	457,816	-	-
Conservation of natural resources	137,297	-	-
Economic development	40,400	-	-
Debt Service			
Principal	75,170	-	-
Interest	4,888	-	-
Capital outlay	351,585	3,585,635	11,609,622
Total expenditures	<u>19,613,442</u>	<u>3,585,635</u>	<u>11,609,622</u>
Excess (deficiency) of revenues over expenditures	<u>9,186,853</u>	<u>(2,600,033)</u>	<u>(7,083,092)</u>
Other financing sources (uses)			
Transfers in	-	2,724,346	3,126,705
Transfers out	(5,967,168)	(111,138)	-
Proceeds from sale of asset	143,173	-	-
Total other financing sources (uses)	<u>(5,823,995)</u>	<u>2,613,208</u>	<u>3,126,705</u>
Net changes in fund balances	3,362,858	13,175	(3,956,387)
Fund balances, beginning of year	<u>25,864,077</u>	<u>8,233,473</u>	<u>8,391,524</u>
Fund balances, end of year	<u>\$ 29,226,935</u>	<u>\$ 8,246,648</u>	<u>\$ 4,435,137</u>

See accompanying notes to the financial statements

Nonmajor Special Revenue Funds	Joint Justice Center Joint Powers Board	Total Governmental Funds
\$ 614	\$ -	\$ 18,127,821
-	-	1,186,188
577,115	140,112	15,221,341
-	-	103,902
1,117	-	191,668
34,943	1,220	236,628
<u>613,789</u>	<u>141,332</u>	<u>35,067,548</u>
104,292	-	10,001,212
429,199	306,770	5,598,949
-	-	3,786,386
86,552	-	544,368
-	-	137,297
-	-	40,400
-	-	75,170
-	-	4,888
-	-	15,546,842
<u>620,043</u>	<u>306,770</u>	<u>35,735,512</u>
<u>(6,254)</u>	<u>(165,438)</u>	<u>(667,964)</u>
7,504	336,506	6,195,061
(116,755)	-	(6,195,061)
-	-	143,173
<u>(109,251)</u>	<u>336,506</u>	<u>143,173</u>
(115,505)	171,068	(524,791)
866,543	-	43,355,617
<u>\$ 751,038</u>	<u>\$ 171,068</u>	<u>\$ 42,830,826</u>

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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, 2018

Net change in fund balances - total governmental funds \$ (524,791)

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	15,824,265	
Loss on disposal of assets	(52,855)	
Depreciation expense for the year	<u>(6,045,442)</u>	9,725,968

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	(2,151,391)	
Deferred outflows - pension plan items - current year	2,800,702	
Deferred inflows - pension plan items - prior year	172,646	
Deferred inflows - pension plan items - current year	<u>(1,523,288)</u>	(701,331)

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 position. This is the net effect of these differences in the treatment of long term-debt

Property tax debt related to change in valuation - prior year	16,103	
Property tax debt related to change in valuation - current year	(78,542)	
Retainage payable - prior year	1,788,288	
Retainage payable - current year	(631,855)	
Liability for capital leases - prior year	152,746	
Liability for capital leases - current year	(77,576)	
Liability for compensated absences - prior year	247,869	
Liability for compensated absences - current year	(295,815)	
Net pension liability - prior year	6,114,877	
Net pension liability - current year	<u>(6,218,493)</u>	1,017,602

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. 243,068

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

Unavailable wind production tax revenue - prior year	(530,000)	
Unavailable wind production tax revenue - current year	536,996	
Difference in unavailable property tax revenue - prior year	(45,282)	
Difference in unavailable property tax revenue - current year	<u>49,218</u>	<u>10,932</u>

Change in net position of governmental activities \$ 9,771,448

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2018

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 661,954
Investments	618,969
Prepaid expense	50,661
Total assets	<u>1,331,584</u>
LIABILITIES	
Accounts payable	7,395
Claims payable	115,000
Total liabilities	<u>122,395</u>
NET POSITION	
Unrestricted	1,209,189
Total net position	<u>\$ 1,209,189</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, 2018

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 2,174,036
Total operating revenues	<u>2,174,036</u>
Operating expenses	
Medical claims and fees	1,483,733
Stop loss insurance	455,213
Total operating expenses	<u>1,938,946</u>
Operating income	<u>235,090</u>
Nonoperating revenue	
Interest income	7,978
Total nonoperating revenue	<u>7,978</u>
Change in net position	243,068
Net position, beginning of year	<u>966,121</u>
Net position, end of year	<u><u>\$ 1,209,189</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2018

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from interfund services provided	\$ 2,174,036
Receipts from reinsurance	573,050
Payments to third party administrator for medical costs	(2,699,964)
	47,122
Net cash and cash equivalents provided by operating activities	47,122
Cash flows from investing activities	
Interest received	7,978
Purchase of investments	(6,477)
	1,501
Net cash and cash equivalents provided by investing activities	1,501
Net increase in cash and cash equivalents	48,623
Cash and cash equivalents, beginning of year	613,331
Cash and cash equivalents, end of year	\$ 661,954
Reconciliation of operating income to net cash and cash equivalents provided by operating activities	
Operating income	\$ 235,090
Adjustments to reconcile operating income to cash and cash equivalents provided by operating activities	
changes in operating assets and liabilities	
Prepaid expense	(11,580)
Accounts payable	(1,388)
Claims payable	(175,000)
	(187,968)
Net cash and cash equivalents provided by operating activities	\$ 47,122

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2018

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,221,961
Property taxes receivable	431,976
Due from other governments	<u>117,985</u>
Total assets	<u><u>\$ 1,771,922</u></u>
LIABILITIES	
Due to other taxing units	\$ 1,339,946
Deferred property revenue	<u>431,976</u>
Total liabilities	<u><u>\$ 1,771,922</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2018

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 115,079	\$ 7,597,753	\$ 2,226,413
Investments	655,609	871,786	-
Property taxes receivable	-	-	869,514
Accounts receivable, net	-	8,957,394	63,487
Due from other governments	489,020	-	-
Other current assets	965	954,126	-
Inventory	-	1,416,912	516,214
Restricted cash and cash equivalents	-	3,680	-
Restricted investments, long-term	30,000	6,029,970	-
Other assets, long-term	-	241,497	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	4,101,274	2,668,145	12,000
Capital assets being depreciated, net of accumulated depreciation	6,694,823	24,237,999	342,634
Total assets	<u>12,086,770</u>	<u>52,979,262</u>	<u>4,030,262</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	225,435	-
Pension plan items	28,804	-	48,593
Total deferred outflows of resources	<u>28,804</u>	<u>225,435</u>	<u>48,593</u>
LIABILITIES			
Accounts payable and accrued liabilities	15,232	4,731,945	78,375
Noncurrent liabilities			
Due within one year	611,273	1,224,688	-
Due in more than one year	-	6,593,686	40,732
Net pension liability	63,249	-	213,061
Total liabilities	<u>689,754</u>	<u>12,550,319</u>	<u>332,168</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	-	-	850,163
Pension plan items	8,675	-	16,767
Total deferred inflows of resources	<u>8,675</u>	<u>-</u>	<u>866,930</u>
NET POSITION			
Net investment in capital assets	10,184,824	20,634,235	354,634
Restricted by donors, nonexpendable	-	-	-
Restricted by donors and others, expendable	30,000	-	408,797
Restricted by voters	-	-	-
Unrestricted	1,202,321	20,020,143	2,116,326
Total net position	<u>\$ 11,417,145</u>	<u>\$ 40,654,378</u>	<u>\$ 2,879,757</u>

See accompanying notes to the financial statements

County Library	County Fair	Total
\$ 875,423	\$ 55,423	\$ 10,814,668
57,060	-	1,584,455
1,519	-	871,033
2,343	-	9,023,224
-	-	489,020
-	-	955,091
-	-	1,933,126
3,927,881	-	3,931,561
3,292,428	-	9,352,398
-	-	241,497
251,511	-	251,511
152,613	-	6,934,032
-	-	-
15,986,626	-	47,262,082
<u>24,547,404</u>	<u>55,423</u>	<u>93,643,698</u>
-	-	225,435
239,177	-	316,574
<u>239,177</u>	<u>-</u>	<u>542,009</u>
127,864	-	4,953,416
4,927	-	1,840,888
26,208	-	6,660,626
656,669	-	932,979
<u>815,668</u>	<u>-</u>	<u>14,387,909</u>
-	-	850,163
139,824	-	165,266
<u>139,824</u>	<u>-</u>	<u>1,015,429</u>
15,969,901		47,143,594
581,978		581,978
60,272		499,069
6,958,914		6,958,914
260,024	55,423	23,598,814
<u>\$ 23,831,089</u>	<u>\$ 55,423</u>	<u>\$ 78,782,369</u>

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2018

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 758,887	\$ 60,192	\$ 125,907	\$ 764,235
County Hospital	59,426,156	56,091,754	1,530,252	71,105
Weed and Pest Control District	1,645,282	476,903	-	-
County Library	2,071,609	15,947	1,318,832	-
County Fair	11,716	-	67,139	-
	<u>\$ 63,901,934</u>	<u>\$ 56,644,796</u>	<u>\$ 2,974,991</u>	<u>\$ 835,340</u>

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	County Fair	Totals
\$ 191,447	\$ -	\$ -	\$ -	\$ -	\$ 191,447
-	(1,733,045)	-	-	-	(1,733,045)
-	-	(1,168,379)	-	-	(1,168,379)
-	-	-	(736,830)	-	(736,830)
-	-	-	-	55,423	-
<u>191,447</u>	<u>(1,733,045)</u>	<u>(1,168,379)</u>	<u>(736,830)</u>	<u>55,423</u>	<u>(3,446,807)</u>
2,266	22,941	909,209	4,850	-	939,266
6,267	262,816	25,173	61,478	-	355,734
10,393	77,458	972	1,111	-	89,934
<u>18,926</u>	<u>363,215</u>	<u>935,354</u>	<u>67,439</u>	<u>-</u>	<u>1,384,934</u>
<u>210,373</u>	<u>(1,369,830)</u>	<u>(233,025)</u>	<u>(669,391)</u>	<u>55,423</u>	<u>(2,061,873)</u>
<u>11,206,772</u>	<u>42,024,208</u>	<u>3,112,782</u>	<u>24,500,480</u>	<u>-</u>	<u>80,844,242</u>
<u>\$ 11,417,145</u>	<u>\$ 40,654,378</u>	<u>\$ 2,879,757</u>	<u>\$ 23,831,089</u>	<u>\$ 55,423</u>	<u>\$ 78,782,369</u>

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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. 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 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 Airport'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, 2018

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

- The *Converse County Fair Board* (“County Fair” or “Fair Board”) maintains and manages the operations of the County Fair. The Fair Board is partially funded by the County along with donations from the public. The Fair Board does not issue separate audited financial statements.

Blended Component Unit

The Converse County Joint Justice Center Joint Powers Board (“Board”) maintains and manages the operations of the newly constructed Justice Center. The Board is 74% funded by the County and 26% funded by the City of Douglas and therefore the Board is fiscally dependent upon the County. The Board is comprised of three County Commissioners and three City Council representatives and one at large member. The Converse County Joint Justice Center Joint Powers Board is reported as a special revenue fund of the County.

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, 2018, the County allocated \$997,913 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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.

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.

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

Joint Justice Center Joint Powers Board Fund is used to account for the activities of the joint powers board, a blended component unit of the government. The joint powers board operates the Converse County Joint Justice Center.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

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

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.

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.

WYO-STAR 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

The component units' investments are all certificates of deposit and some component units 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.

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, 2018, the allowance for uncollectible accounts was \$2,767,069. 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, 2018, was 30%, 8%, 4%, 21%, and 37% from Medicare, Medicaid, other, insurance, and patients, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Other Assets Current and Long-Term

Other current assets, as of June 30, 2018 consist of prepaid expenses for dues, insurance, physician recruitment, and equipment maintenance.

Other assets, long-term, include Memorial Hospital of Converse County's investment in a limited liability company in the amount of \$186,624 and an investment in an insurance exchange in the amount of \$54,873. 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 by Big County Rehabilitation to be operating revenue.

Inventory

All inventories are valued at cost using first-in/first-out (FIFO) method by the Weed and Pest District. 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.

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.

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
Collection	3 - 5

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Deferred Inflows and Outflows of Resources

In addition to assets, the financial statements 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 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 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.

Pension Plan Items

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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 fund 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, 2018, was 12 mills, which means that the County has levied to the maximum amount available.

The County's property tax receivable include \$536,996 wind tax receivable.

Major Taxpayers

The County's ten largest taxpayers account for approximately 83% 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 31% 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, 2018.

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 more than 11 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 is 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 is working days. A liability for these amounts is reported for these amounts in the governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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 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.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Effective May 1, 2002 the Hospital received the designation as a Critical Access Hospital.
- Memorial Hospital of Converse County's 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.

For the fiscal year ended June 30, 2018, Memorial Hospital of Converse County's gross patient service revenue was \$87,248,294 which was adjusted for contractual discounts of \$31,926,582 and charity care of \$854,356 resulting in net patient service revenue of \$54,467,356.

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. 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for all of the component units for the County's discretely presented and blended component units. 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.

During 2018 the County had the following budget deficits: \$111,139 in the capital projects, County Road fund, and \$116,755 in the nonmajor special revenue fund, Impact Assistance. This is a violation of Wyoming State Statute §16-4-108.

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, 2018, the fiduciary funds had bank balances of \$1,221,961 which were fully collateralized or insured.

As of June 30, 2018, the carrying amount of the County's bank deposits was \$22,014,363 and the bank balance was \$34,888,782. 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, 2018 include certificates of deposits of \$11,958,597 all of which were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2018, the carrying amount of the County Airport's bank deposits was \$115,079 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, 2018 were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2018, the carrying amount of the County Hospital's bank deposits was \$14,503,189 and the bank balance was \$15,857,970. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 2. Deposits and Investments (Continued)

As of June 30, 2018, the carrying amount of the Weed and Pest’s bank deposits was \$2,226,413 and the bank balance was \$2,472,764. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2018, the carrying amount of the County Library’s bank deposits was \$4,748,194 and the bank balance was \$4,497,453. 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 \$200,002. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2018, 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	\$ 416,220	0.76%	\$ 416,220	\$ -	\$ -	Not rated
WGIF	3,335,341	1.75%	3,335,341	-	-	AAAm
Money market	1,665,012	.10% - 1.24%	1,665,012	-	-	N/A
Certificates of deposit	11,958,597	.60% - 2.8%	9,482,731	2,475,866	-	N/A
GSE notes	2,329,677	1% to 2.25%	-	2,329,677	-	AA+
Total	<u>\$ 19,704,847</u>		<u>\$14,899,304</u>	<u>\$4,805,543</u>	<u>\$ -</u>	

As of June 30, 2018, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
Money market	\$ 35,154	1.24%	\$ 35,154	\$ -	\$ -	N/A
Certificates of deposit	9,703,081	1% - 2.44%	2,801,325	-	6,901,756	N/A
GSE notes	1,198,618	1.52% - 2.15%	295,401	903,217	-	AA+
Total	<u>\$ 10,936,853</u>		<u>\$ 3,131,880</u>	<u>\$ 903,217</u>	<u>\$ 6,901,756</u>	

These investments are reported under the caption investments and restricted investments in the statement of net position.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 2. Deposits and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). 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 WYO-STAR, the County's interest is based on the ratio of the cash balance as a percentage of the total cash balance of the pool. Management does not believe its cash balances are at risk as a result of not being fully insured or collateralized. The County has not incurred any losses related to uninsured deposits. 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, 2018, the County had 61% of its investments in certificates of deposit, 17% in WGIF, 8% in money market accounts, and 12% 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 63% are held one bank. The component units had 89% of their investments in certificates of deposit and 11% in government sponsored enterprises.

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 for investments, management believes the stability and reputation of these brokers or other banks serves to limit its custodial credit risk.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 2. Deposits and Investments (Continued)

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, 2018:

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, 2018			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 2,329,677	\$ -	\$ 2,329,677
WYO-STAR investment pool	-	416,220	-	416,220
Total investments at fair value	\$ -	\$ 2,745,897	\$ -	2,745,897

Other investments reported in the following classifications

Certificates of deposit	11,958,597
Money market funds - WGIF	3,335,341
Money market funds - other	1,665,012
Total primary government investments	19,704,847.00

Component unit Investments

	Investments at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 1,198,618	\$ -	\$ 1,198,618
Total investments at fair value	\$ -	\$ 1,198,618	\$ -	1,198,618

Other investments reported in the following classifications

Certificates of deposit	9,703,081
Money market funds	35,154
Total component unit investments	\$ 10,936,853

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3. Interfund Balances and Transfers

Interfund and intra-entity receivables and payables at June 30, 2018 are as follows:

	Receivable	Payable
General Fund	\$ 17,773	\$ 1,920
County Roads Fund	-	13,473
Non Major Funds		
TANF Grant	220	-
Other Grants	-	1,164
WIC Grant	-	1,436
	\$ 17,993	\$ 17,993

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:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 5,967,168
Capital Projects Fund	3,126,705	-
County Roads Fund	2,724,346	111,138
Joint Justice Center Joint Powers Board	336,506	
Nonmajor Special Revenue Fund	7,504	116,755
	\$ 6,195,061	\$ 6,195,061

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 in Assets Held by Others

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 \$9,064 during the year ended June 30, 2018. 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 \$251,511 as of June 30, 2018.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2018, was as follows:

	Beginning Balance as restated	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,731,317	\$ -	\$ 50,000	\$ 1,681,317
Construction in progress	26,162,948	15,393,345	10,762,626	30,793,667
Total capital assets, not being depreciated	<u>27,894,265</u>	<u>15,393,345</u>	<u>10,812,626</u>	<u>32,474,984</u>
Capital assets being depreciated				
Infrastructure	70,512,316	10,392,245	-	80,904,561
Buildings and building improvements	6,781,321	370,382	44,436	7,107,267
Machinery, equipment, and office fixtures	13,849,236	430,919	874,926	13,405,229
Total capital assets being depreciated	<u>91,142,873</u>	<u>11,193,546</u>	<u>919,362</u>	<u>101,417,057</u>
Less accumulated depreciation for				
Infrastructure	44,686,653	4,512,228	-	49,198,881
Buildings and building improvements	4,121,579	105,352	41,581	4,185,350
Machinery, equipment, and office fixtures	7,185,515	1,427,862	874,926	7,738,451
Total accumulated depreciation	<u>55,993,747</u>	<u>6,045,442</u>	<u>916,507</u>	<u>61,122,682</u>
Total capital assets being depreciated, net	<u>35,149,126</u>	<u>5,148,104</u>	<u>10,762,626</u>	<u>40,294,375</u>
Governmental activities, capital assets, net	<u><u>\$63,043,391</u></u>	<u><u>\$20,541,449</u></u>	<u><u>\$11,679,133</u></u>	<u><u>\$72,769,359</u></u>

Approximately \$431,000 of equipment has been acquired under capital leases. The related accumulated amortization on these leases is \$182,561 and the related 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	\$ 165,106
Public safety	613,178
Public works	5,242,456
Health, welfare, and recreation	23,489
Conservation of natural resources	1,213
Total depreciation expense - governmental activities	<u><u>\$ 6,045,442</u></u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2018, 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	408,216	951,997	-	1,360,213
Total capital assets not being depreciated	<u>3,149,277</u>	<u>951,997</u>	<u>-</u>	<u>4,101,274</u>
Capital assets being depreciated				
Improvements other than buildings	16,450,956	-	-	16,450,956
Buildings, building improvements and runways	541,812	-	-	541,812
Machinery, equipment and office fixtures	129,889	-	3,052	126,837
Total capital assets being depreciated	<u>17,122,657</u>	<u>-</u>	<u>3,052</u>	<u>17,119,605</u>
Less accumulated depreciation	<u>9,861,197</u>	<u>566,637</u>	<u>3,052</u>	<u>10,424,782</u>
Total capital assets being depreciated, net	<u>7,261,460</u>	<u>(566,637)</u>	<u>-</u>	<u>6,694,823</u>
Capital assets, net	<u><u>\$ 10,410,737</u></u>	<u><u>\$ 385,360</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,796,097</u></u>

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2018, 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	337,123	20,514	-	357,637
Machinery, equipment and office fixtures	408,356	6,995	-	415,351
Total capital assets being depreciated, net	<u>745,479</u>	<u>27,509</u>	<u>-</u>	<u>772,988</u>
Less accumulated depreciation	<u>377,380</u>	<u>52,974</u>	<u>-</u>	<u>430,354</u>
Total capital assets being depreciated, net	<u>368,099</u>	<u>(25,465)</u>	<u>-</u>	<u>342,634</u>
Capital assets, net	<u><u>\$ 380,099</u></u>	<u><u>\$ (25,465)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 354,634</u></u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Library for the year ended June 30, 2018, 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	-	52,013	-	52,013
Total capital assets, not being depreciated	100,600	52,013	-	152,613
Capital assets being depreciated				
Buildings and building improvements	16,331,354	-	-	16,331,354
Machinery, equipment and office fixtures	518,079	-	-	518,079
Collection	486,984	41,311	-	528,295
Total capital assets being depreciated	17,336,417	41,311	-	17,377,728
Less accumulated depreciation	882,644	508,458	-	1,391,102
Total capital assets being depreciated, net	16,453,773	(467,147)	-	15,986,626
Capital assets, net	<u>\$ 16,554,373</u>	<u>\$ (415,134)</u>	<u>\$ -</u>	<u>\$ 16,139,239</u>

Approximately \$24,370 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$4,874 is included in the depreciation expense.

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2018, 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	1,068,845	1,503,061	1,307,717	1,264,189
Total capital assets, not being depreciated	2,472,801	1,503,061	1,307,717	2,668,145
Capital assets being depreciated				
Improvements other than buildings	77,469	-	-	77,469
Building	35,822,530	1,352,598	-	37,175,128
Equipment	30,670,676	686,188	-	31,356,864
Total capital assets being depreciated, net	66,570,675	2,038,786	-	68,609,461
Less accumulated depreciation	40,400,942	3,970,520	-	44,371,462
Total capital assets being depreciated, net	26,169,733	(1,931,734)	-	24,237,999
Capital assets, net	<u>\$ 28,642,534</u>	<u>\$ (428,673)</u>	<u>\$ 1,307,717</u>	<u>\$ 26,906,144</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$1,188,392.

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 \$27,205,282 at June 30, 2018. 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, 2018:

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 16,103	\$ 62,439	\$ -	\$ 78,542	\$ 22,093
Retainage	1,788,288	631,855	1,788,288	631,855	631,855
Capital leases	152,746	-	75,170	77,576	77,576
Incurred but not reported					
claims payable	290,000	115,000	290,000	115,000	115,000
Compensated absences	247,869	47,946	-	295,815	15,421
	<u>2,495,006</u>	<u>857,240</u>	<u>2,153,458</u>	<u>1,198,788</u>	<u>861,945</u>
Net pension liability	<u>6,114,877</u>	<u>103,616</u>	<u>-</u>	<u>6,218,493</u>	<u>-</u>
	<u>\$ 8,609,883</u>	<u>\$ 960,856</u>	<u>\$ 2,153,458</u>	<u>\$ 7,417,281</u>	<u>\$ 861,945</u>

Property tax repayment, retainage, capital leases, compensated absences, and incurred but not reported claims which are liabilities of the primary government are generally liquidated by the general fund except for the incurred but not reported claims which are paid by the internal service fund and retainage by the capital projects fund.

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Component Units					
Notes payable	\$ 6,835,168	\$ -	\$ 805,198	\$ 6,029,970	\$ 828,146
Retainage	71,026	611,273	71,026	611,273	611,273
Capital leases	544,116	-	285,500	258,616	246,818
Compensated absences	1,688,005	2,148,765	2,235,115	1,601,655	154,651
	<u>9,138,315</u>	<u>2,760,038</u>	<u>3,396,839</u>	<u>8,501,514</u>	<u>1,840,888</u>
Net pension liability	<u>909,865</u>	<u>44,614</u>	<u>21,500</u>	<u>932,979</u>	<u>-</u>
	<u>\$ 10,048,180</u>	<u>\$ 2,804,652</u>	<u>\$ 3,418,339</u>	<u>\$ 9,434,493</u>	<u>\$ 1,840,888</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 a 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 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, 2018, the County was required to pay back \$654,518 in property taxes over the next six years due to a NOVC. The impact on the County General Fund is approximately 12% of that total, or \$78,542.

The County Commissioners elected to repay the taxpayer over the next five years as follows:

Year Ending June 30,	
2019	\$ 22,093
2020	16,503
2021	15,789
2022	14,768
2023	9,389
	\$ 78,542

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. \$ 40,630

\$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. 36,946

\$ 77,576

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2018 to be paid in fiscal year 2019 are as follows:

Total minimum lease payments	\$ 80,058
Less: amount representing interest	2,482
Present value of minimum lease payments	\$ 77,576

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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
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	926,658	73,342	1,000,000
2024	1,646,755	66,757	1,713,512
	<u>\$ 6,029,970</u>	<u>\$ 683,542</u>	<u>\$ 6,713,512</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 interest rate on the leases is 3.5%. The cost of equipment under capital leases included in the Memorial Hospital of Converse County’s capital assets is \$1,351,013 with \$1,188,392 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, 2018:

Payable during the year ended June 30, 2018	\$ 245,799
Less: amount representing interest	3,908
Present value of minimum lease payments	<u>\$ 241,891</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

	\$ 16,725
	\$ 16,725

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2018 are as follows:

Year Ending June 30,	
2019	\$ 6,660
2020	6,660
2021	6,660
Total minimum lease payments	19,980
Less: amount representing interest	3,255
Present value of minimum lease payments	\$ 16,725

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, 2018, was \$1,145,892.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 County full-time employees are eligible to participate.

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, 2018, 2017 and 2016 were \$614,441, \$616,495, and \$617,692, equal to the required contributions for each year. As of September 1, 2018, the required employer contribution rate will increase by 0.25% from 8.37% to 8.62% and the required employee contribution rate will increase by 0.25% from 8.25% to 8.50%.

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, 2018, 2017, and 2016 were \$29,980, \$25,829, \$25,081, equal to the required contributions for the year. The Library's contributions to PEPP for the years ended June 30, 2018, 2017, and 2016 were \$89,007, \$84,281, and \$70,380 equal to the required contributions for the year. The Airport's contributions to PEPP for the years ended June 30, 2018 and 2017 and 2016 were \$8,000, \$8,200, and \$8,800, respectively.

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 (first contribution on or after 9/1/2012), 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, 2018

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).

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 office, 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.

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, 2018, 2017, and 2016 were \$454,758, \$409,850, \$402,167, 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, 2018, the County reported a total liability of \$6,218,493 for its proportionate share of the net pension liability. The County's component units: Library, Weed and Pest, and Airport reported: \$656,669, \$213,061, and \$63,249, respectively, for their proportionate share on the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2017, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covered the five year period ending December 31, 2016. The net pension liability as of December 31, 2017 is based on the results of an actuarial valuation as of January 1, 2017, rolled forward to a measurement date of December 31, 2017 and taking into consideration information from the recent experience study. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined.

The schedule below shows the County's proportionate share of the net pension liability at June 30, 2018, the proportionate portion at the measurement date of December 31, 2017, and the change in the proportion from the previous measurement date.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 43281	Proportion at December 31, 2017	Increase (decrease) from December 31, 2016
County			
Public Employees' Pension Plan	<u>\$ 4,822,290</u>	0.211565155%	0.005327684%
County - Sheriff			
Law Enforcement Pension Plan	<u>\$ 1,396,203</u>	1.622652523%	0.127015891%
Library			
Public Employees' Pension Plan	<u>\$ 656,669</u>	0.028809576%	0.002478876%
Weed and Pest			
Public Employees' Pension Plan	<u>\$ 213,061</u>	0.009300000%	(-0.00080000%)
Airport			
Public Employees' Pension Plan	<u>\$ 63,249</u>	0.002774900%	(-0.00000540%)

For the year ended June 30, 2018, the County and its component units the Library, Weed and Pest, and Airport recognized pension expense of \$1,153,258, \$159,300, \$46,983, and \$21,500, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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)

At June 30, 2018, 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	\$ 537,028	\$ (786,883)	\$ 336,656	\$ (506,806)	\$ 873,684	\$ (1,293,689)
Difference due to changes in assumptions	468,565	-	658,496	-	1,127,061	-
Difference between actual and expected experience rate	-	(165,480)	9,873	(116,523)	9,873	(282,003)
Change in employer's proportion	198,217	-	53,198	52,404	251,415	52,404
Amortizing deferred outflows and deferred inflows	1,203,810	(952,363)	1,058,223	(570,925)	2,262,033	(1,523,288)
Contributions subsequent to the measurement date	308,578	-	230,091	-	538,669	-
Total	\$ 1,512,388	\$ (952,363)	\$ 1,288,314	\$ (570,925)	\$ 2,800,702	\$ (1,523,288)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$538,669 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, 2019. 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	Total
2019	\$ 551,250	\$ 383,977	\$ 935,227
2020	433,221	338,098	771,319
2021	185,750	197,133	382,883
2022	33,589	139,015	172,604
	<u>\$ 1,203,810</u>	<u>\$ 1,058,223</u>	<u>\$ 2,262,033</u>

Year ended June 30,	Deferred Inflows		
	PEPP	LEPP	Total
2019	\$ (279,346)	\$ (160,354)	\$ (439,700)
2020	(245,409)	(160,354)	(405,763)
2021	(225,319)	(158,901)	(384,220)
2022	(202,289)	(91,316)	(293,605)
	<u>\$ (952,363)</u>	<u>\$ (570,925)</u>	<u>\$ (1,523,288)</u>

The County's component units: Library, Weed and Pest, and Airport reported \$43,200, \$15,853, and \$2,056, 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, 2019. 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	\$ 69,597	\$ (107,152)
Difference due to changes in assumption	63,806	-
Difference between actual and expected experience rate	-	(21,635)
Change in employer's proportion	62,574	(11,037)
Amortizing deferred outflows and deferred inflows	195,977	(139,824)
Contributions subsequent to the measurement date	43,200	-
Total	<u>\$ 239,177</u>	<u>\$ (139,824)</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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)

Weed and Pest	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (9,586)
Difference between actual and expected experience rate	-	(7,181)
Change in employer's proportion	12,038	
Difference due to changes in assumption	20,702	-
Amortizing deferred outflows and deferred inflows	32,740	(16,767)
Contributions subsequent to the measurement date	15,853	-
Total	\$ 48,593	\$ (16,767)

Airport	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (6,154)
Difference between actual and expected experience rate	-	(2,024)
Change in employer's proportion	20,603	(497)
Difference due to changes in assumption	6,145	-
Amortizing deferred outflows and deferred inflows	26,748	(8,675)
Contributions subsequent to the measurement date	2,056	-
Total	\$ 28,804	\$ (8,675)

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

Year ended	Component Units					
	Library		Weed and Pest		Airport	
June 30,	Deferred Outflows (Inflows)		Deferred Outflows (Inflows)		Deferred Outflows (Inflows)	
2019	\$ 83,648	\$ (48,348)	\$ 9,479	\$ 1,659	\$ 16,354	\$ (2,169)
2020	72,230	(33,247)	8,371	(138)	9,208	(2,169)
2021	33,870	(30,681)	9,655	(9,350)	1,186	(2,051)
2022	6,229	(27,548)	5,235	(8,938)	-	(2,286)
	\$ 195,977	\$ (139,824)	\$ 32,740	\$ (16,767)	\$ 26,748	\$ (8,675)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Actuarial Assumptions

The total pension liability in the December 31, 2017 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation Date	January 1, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 8.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment net rate of return	7.75%, net of pension plan investment expense
Post-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB
PEPP	Males: Set back 1 year with a 104% multiplier Females: No set back with a 90% multiplier
LEPP	Males: No set back with a 104% multiplier Females: Set forward 1 year with a 90% multiplier
Pre-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB
PEPP	Males: Set back 5 years with a 104% multiplier Females: Set back 4 years with a 90% multiplier
LEPP	Males: Set back 4 years with a 104% multiplier Females: Set back 3 years with a 90% multiplier

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2017. In addition, an experience study was conducted covering the five-year period ending December 31, 2016 and information from this study was considered in measuring the pension liability at December 31, 2017. The assumed rate of investment return of 7% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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 by adding expected inflation. For each major asset class that is included in the pension plans' target allocation as of January 1, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
Total	100.00%	3.85%	5.27%

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Public Employees' Pension Plan	\$ 7,288,359	\$ 4,822,290	\$ 2,765,625
Law Enforcement Pension Plan	2,996,672	1,396,203	93,289
Component Units			
Library	992,482	656,669	376,605
Weed and Pest	324,577	213,061	143,160
Airport	95,595	63,249	36,274

Payables to the pension plan – At June 30, 2018, 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 defined contribution profit sharing plan for its employees with an effective date of January 1, 2009. The Memorial Hospital of Converse County Plan (“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 1,000 hours of service within the first anniversary year of employment or subsequent plan year. 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 2018.

Note 9. County Fund Balance

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

Building/maintenance reserve	\$ 12,900,952
Equipment reserve	3,348,855
Salary reserve	1,540,382
Loans reserve	83,812
	<u>\$ 17,874,001</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, 2018, the County had approximately \$26.1 million in contracts related to the projects under construction and \$339,000 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 \$62,880.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$40,429.

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 2018 was approximately \$56,000.

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 2018 and 2017 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2018	2017
Unpaid claims, beginning of year	\$ 2,025	\$ 5,397
Claims incurred	8,407	11,996
Claims paid	(8,532)	(15,368)
Unpaid claims, end of year	\$ 1,900	\$ 2,025

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 unlimited per policy period.

Premiums paid for stop-loss insurance were approximately \$455,213. 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, 2018 and 2017 are as follows:

	2018	2017
Incurred but not reported claims payable, beginning of year	\$ 290,000	\$ 230,000
Claims incurred	1,380,941	1,638,920
Claims paid	(1,555,941)	(1,578,920)
Incurred but not reported claims payable, end of year	\$ 115,000	\$ 290,000

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, 2018

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, 2018.

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, 2018, the total claims and administrative fees were \$3,973,115 and the estimate of incurred but not reported claims was \$291,391.

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 2018 was approximately \$61,000.

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 ended June 30, 2018, the County provided \$125,907, \$1,450,000, \$1,284,600, and \$15,400 in support to the Converse County Airport, Memorial Hospital of Converse County, Converse County Library, and Converse County Fair Board, 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, 2018 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 started March 1, 2011 and is renewed automatically for one year increments until it is cancelled.

During the year ended June 30, 2018, Memorial Hospital of Converse County paid Big County Rehabilitation, LLC approximately \$401,914 for professional services rendered.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 13. Deficit Fund Balances

The County's WIC fund had a deficit fund balances at June 30, 2018. As of June 30, 2018, the County did not transfer funds to this fund to resolve the negative balances. The County will make transfers in the future to resolve these deficits.

Note 14. Prior Period Adjustment

During the fiscal year ended June 30, 2018, the County discovered it had improperly recorded several amounts related to road projects included in construction in progress at June 30, 2017. This adjustment was \$1,049,516 and it increased the construction in progress at June 30, 2017 from \$25,113,432 to \$26,162,948. The primary government net position originally stated at June 30, 2017 at \$100,550,343 increased to \$101,599,859.

Note 15. Issued Standards Not Yet Implemented

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of the Statement are effective for reporting periods beginning after December 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

Governmental Accounting Standards Board 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.

Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, establishes accounting and financial reporting requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of the Statement are effective for reporting periods beginning after June 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

Note 16. Subsequent Events

Subsequent to June 30, 2018, the County approved a contract in the amount of \$261,845 between the Wyoming Department of Health, Public Health Division and Converse County for Prevention Services.

The County approved a loan to the Converse County Senior Services District formed in April 2018 under statutes W.S. §18-15-101 through §18-15-111 in the amount of \$360,000. The loan will be repaid through the mill levy established and approved by the voters in the general election in November 2018.

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, 2018

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Tax - property	\$ 14,126,083	\$ 14,126,083	\$ 14,378,977	\$ 252,894
Tax - other	6,888,096	6,888,096	10,575,269	3,687,173
Intergovernmental revenues	719,436	719,436	524,286	(195,150)
Charges for services	817,950	817,950	1,344,832	526,882
Investment income	88,300	88,300	195,879	107,579
Economic development	5,000	5,000	681	(4,319)
Miscellaneous revenues	1,071,289	1,071,289	1,315,441	244,152
Total revenues	23,716,154	23,716,154	28,335,365	4,619,211
Expenditures				
Current				
County Commissioners	376,982	376,982	376,704	278
County Clerk	578,037	579,286	579,285	1
County Treasurer	510,530	510,530	505,196	5,334
County Assessor	637,232	637,232	619,637	17,595
County Sheriff	2,503,789	2,503,789	2,467,947	35,842
County Attorney	1,128,637	1,128,637	1,095,551	33,086
Courthouse/Maintenance	743,081	743,081	372,232	370,849
County Surveyor	101,308	101,308	96,300	5,008
County Coroner	70,879	72,448	72,447	1
Agricultural agents	154,157	154,157	139,756	14,401
Clerk of District Court	528,866	528,866	525,091	3,775
County jail	2,456,852	2,456,852	2,193,785	263,067
Road and bridge	3,885,513	3,885,513	3,755,076	130,437
Elections	112,970	112,970	105,652	7,318
Emergency management	251,661	251,661	198,899	52,762
IT	174,838	174,838	170,697	4,141
Health	286,750	286,750	235,989	50,761
Parks and recreation	263,636	263,636	217,239	46,397
Special projects	55,262	55,262	46,981	8,281
Total County departments	14,820,980	14,823,798	13,774,464	1,049,334

(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, 2018

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General accounts	\$ 4,196,462	\$ 4,196,462	\$ 3,790,139	\$ 406,323
Community aid	499,420	499,420	498,648	772
Fire departments	1,014,134	1,014,134	1,013,096	1,038
Depreciation reserve	569,154	569,154	468,520	100,634
Total other expenditures	<u>6,279,170</u>	<u>6,279,170</u>	<u>5,770,403</u>	<u>508,767</u>
Total general fund	<u>21,100,150</u>	<u>21,102,968</u>	<u>19,544,867</u>	<u>1,558,101</u>
Building/maintenance reserve	3,163,069	3,163,069	351,585	2,811,484
Equipment reserve	2,000,000	2,000,000	-	2,000,000
Salary reserve	1,000,000	1,000,000	-	1,000,000
Economic development	200,000	200,000	40,400	159,600
Total other funds included with the general fund for financial reporting	<u>6,363,069</u>	<u>6,363,069</u>	<u>391,985</u>	<u>5,971,084</u>
Total expenditures	<u>27,463,219</u>	<u>27,466,037</u>	<u>19,936,852</u>	<u>7,529,185</u>
Excess (deficiency) of revenues over expenditures	<u>(3,747,065)</u>	<u>(3,749,883)</u>	<u>8,398,513</u>	<u>12,148,396</u>
Other financing uses				
Transfers out	<u>(5,967,167)</u>	<u>(5,967,167)</u>	<u>(5,967,167)</u>	<u>-</u>
Total other financing uses	<u>(5,967,167)</u>	<u>(5,967,167)</u>	<u>(5,967,167)</u>	<u>-</u>
Net change in fund balance	<u>(9,714,232)</u>	<u>(9,717,050)</u>	<u>2,431,346</u>	<u>\$ 12,148,396</u>
Fund balance, beginning of year	<u>25,713,039</u>	<u>25,713,039</u>	<u>25,713,039</u>	
Fund balance, end of year	<u>\$ 15,998,807</u>	<u>\$ 15,995,989</u>	<u>\$ 28,144,385</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)
 JOINT JUSTICE CENTER JOINT POWERS BOARD
 (Unaudited)
 Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 58,224	\$ 58,224
Miscellaneous income	-	8,000	1,220	(6,780)
	<u>-</u>	<u>8,000</u>	<u>59,444</u>	<u>51,444</u>
Expenditures				
Public safety	660,933	660,933	306,103	354,830
Total expenditures	<u>660,933</u>	<u>660,933</u>	<u>306,103</u>	<u>354,830</u>
Deficiency of revenues over expenditures	<u>(660,933)</u>	<u>(652,933)</u>	<u>(246,659)</u>	<u>406,274</u>
Other financing sources				
Transfers in	-	-	336,506	336,506
Total other financing sources	<u>-</u>	<u>-</u>	<u>336,506</u>	<u>336,506</u>
Net change in fund balance	<u>(660,933)</u>	<u>(652,933)</u>	<u>89,847</u>	<u>\$ 69,768</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, end of year	<u>\$ (660,933)</u>	<u>\$ (652,933)</u>	<u>\$ 89,847</u>	

See accompanying notes to required supplementary information

CONVERSE COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *
(Unaudited)

	2018	2017	2016
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.211565155%	0.206237500%	0.198163118%
Proportionate share of the net pension liability	\$ 4,822,290	\$ 4,985,792	\$ 4,615,908
Covered payroll	3,758,196	3,677,019	3,456,111
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.622652523%	1.495636600%	1.457628033%
Proportionate share of the net pension liability	\$ 1,396,203	\$ 1,129,085	\$ 1,094,696
Covered payroll	2,491,536	2,314,934	2,192,269
Proportionate share of the net pension liability as a percentage of its covered payroll	56.04%	48.77%	49.95%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	88.11%	87.49%
Public Employees Pension Plan - Component Units			
Library			
Proportion of the net pension liability	0.028809576%	0.026330700%	0.023557055%
Proportionate share of the net pension liability	\$ 656,669	\$ 636,545	\$ 548,726
Covered payroll	511,767	469,451	410,852
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%
Weed and Pest			
Proportion of the net pension liability	0.009300000%	0.008500000%	0.008697388%
Proportionate share of the net pension liability	\$ 213,061	\$ 206,106	\$ 202,592
Covered payroll	166,052	152,007	151,689
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%
Airport			
Proportion of the net pension liability	0.002774900%	0.002780300%	0.001547517%
Proportionate share of the net pension liability	\$ 63,249	\$ 67,214	\$ 36,047
Covered payroll	49,294	49,572	26,989
Proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%

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

2015	2014	2013	2012	2011	2010	2009
0.186178840%	*	*	*	*	*	*
\$ 3,285,484	*	*	*	*	*	*
3,182,564	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*
1.377891923%	*	*	*	*	*	*
\$ 405,977	*	*	*	*	*	*
2,036,398	*	*	*	*	*	*
19.94%	*	*	*	*	*	*
94.76%	*	*	*	*	*	*
0.026475595%	*	*	*	*	*	*
\$ 467,213	*	*	*	*	*	*
452,577	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*
0.009060781%	*	*	*	*	*	*
\$ 159,895	*	*	*	*	*	*
154,892	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*
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
N/A	N/A	N/A	N/A	N/A	N/A	N/A

CONVERSE COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Fiscal Years

(Unaudited)

	2018	2017	2016
Public Employees Pension Plan - County			
Contractually required contribution	\$ 614,441	\$ 616,495	\$ 617,692
Contributions in relations to the contractually required contributions	(614,441)	(616,495)	(617,692)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,758,196	\$ 3,709,356	\$ 3,716,558
Contributions as a percentage of employee payroll	16.62%	16.62%	16.62%
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 454,758	\$ 409,850	\$ 402,167
Contributions in relations to the contractually required contributions	(454,758)	(409,850)	(402,167)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,491,536	\$ 2,382,849	\$ 2,338,180
Contributions as a percentage of employee payroll	17.20%	17.20%	17.20%
Public Employees Pension Plan - Component Units			
Library			
Contractually required contribution	\$ 89,007	\$ 84,281	\$ 70,380
Contributions in relations to the contractually required contributions	(89,007)	(84,281)	(70,380)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 511,767	\$ 507,106	\$ 423,466
Contributions as a percentage of employee payroll	16.62%	16.62%	16.62%
Weed and Pest			
Contractually required contribution	\$ 29,980	\$ 25,829	\$ 25,081
Contributions in relations to the contractually required contributions	(29,980)	(25,829)	(25,081)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 180,385	\$ 155,409	\$ 150,909
Contributions as a percentage of employee payroll	16.62%	16.62%	16.62%
Airport			
Contractually required contribution	\$ 8,000	\$ 8,200	\$ 8,800
Contributions in relations to the contractually required contributions	(8,000)	(8,200)	(8,800)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 48,135	\$ 49,338	\$ 52,948
Contributions as a percentage of employee payroll	16.62%	16.62%	16.62%

* 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

2015	2014	2013	2012	2011	2010	2009
\$ 536,609	*	*	*	*	*	*
(536,609)	*	*	*	*	*	*
\$ -	*	*	*	*	*	*
\$ 3,381,279	*	*	*	*	*	*
15.87%	*	*	*	*	*	*
\$ 357,763	*	*	*	*	*	*
(357,763)	*	*	*	*	*	*
\$ -	*	*	*	*	*	*
\$ 2,080,017	*	*	*	*	*	*
17.20%	*	*	*	*	*	*
\$ 71,078	*	*	*	*	*	*
(71,078)	*	*	*	*	*	*
\$ -	*	*	*	*	*	*
\$ 447,876	*	*	*	*	*	*
15.87%	*	*	*	*	*	*
\$ 25,321	*	*	*	*	*	*
(25,321)	*	*	*	*	*	*
\$ -	*	*	*	*	*	*
\$ 159,553	*	*	*	*	*	*
15.87%	*	*	*	*	*	*
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
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, 2018

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	\$ 18,127,207	\$ (257,888)	\$ (17,869,319)	\$ -
Tax - property	-	-	14,378,977	14,378,977
Tax - other	-	-	10,575,269	10,575,269
Licenses and permits	1,186,188	66,536	(1,252,724)	-
Intergovernmental	9,033,426	(994,702)	(7,514,438)	524,286
Charges for services	103,902	(2,773)	1,243,703	1,344,832
Investment income	149,107	47,453	(681)	195,879
Economic Development	-	-	681	681
Miscellaneous revenues	200,465	(7,168)	1,122,144	1,315,441
	<u>\$ 28,800,295</u>	<u>\$ (1,148,542)</u>	<u>\$ 683,612</u>	<u>\$ 28,335,365</u>
Expenditures				
General government	\$ 9,896,920	\$ 398,703	\$ (10,295,623)	\$ -
Public safety	4,862,980	(2,349)	(4,860,631)	-
Public works	3,786,386	(31,310)	(3,755,076)	-
Health, welfare and recreation	457,816	(4,587)	(453,229)	-
Conservation of natural resources	137,297	2,460	(139,757)	-
Economic Development	40,400	-	-	40,400
Debt service - principal	75,170	-	(75,170)	-
Debt service - interest	4,888	(39,507)	34,619	-
Capital outlay	351,585	-	(351,585)	-
County Commissioners	-	-	376,704	376,704
County Clerk	-	-	579,285	579,285
County Treasurer	-	-	505,196	505,196
County Assessor	-	-	619,637	619,637
County Sheriff	-	-	2,467,947	2,467,947
County Attorney	-	-	1,095,551	1,095,551
Courthouse	-	-	372,232	372,232
Surveyor	-	-	96,300	96,300
Coroner	-	-	72,447	72,447
Conservation of natural resources	-	-	139,756	139,756
Clerk of District Court	-	-	525,091	525,091
IT	-	-	170,697	170,697
County jail	-	-	2,193,785	2,193,785
Road and bridge	-	-	3,755,076	3,755,076
Elections	-	-	105,652	105,652
Health	-	-	235,989	235,989
Emergency management	-	-	198,899	198,899
Special projects	-	-	46,981	46,981
General accounts	-	-	3,790,139	3,790,139
Depreciation reserve	-	-	468,520	468,520
Community aid	-	-	498,648	498,648
Fire suppression	-	-	1,013,096	1,013,096
Building and maintenance reserve	-	-	351,585	351,585
Parks and recreation	-	-	217,239	217,239
	<u>\$ 19,613,442</u>	<u>\$ 323,410</u>	<u>\$ -</u>	<u>\$ 19,936,852</u>

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Note 1. Basis of Budgeting (Continued)

The adjustments necessary to convert GAAP basis revenues and expenditures of the Joint Justice Joint Powers Board are as follows:

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Intergovernmental revenues	\$ 140,112	\$ (81,888)	\$ -	\$ 58,224
Miscellaneous income	1,220	-	-	1,220
	<u>\$ 141,332</u>	<u>\$ (81,888)</u>	<u>\$ -</u>	<u>\$ 59,444</u>
Expenditures				
Public safety	\$ 306,770	\$ (667)	\$ -	\$ 306,103
	<u>\$ 306,770</u>	<u>\$ (667)</u>	<u>\$ -</u>	<u>\$ 306,103</u>

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. Appropriations lapse at fiscal year-end. All budget amendments are approved by the County Commissioners and are presented within the final budget figures.

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

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 2018 budget to increase the County Clerk’s and the County Coroner’s budgets by \$1,249 and \$1,569, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

Note 2. Explanation of Changes to Pension Plan

Changes to assumptions – There have been no changes of assumptions in the Public Employees' Pension Plan and Law Enforcement Pension Plan from January 1, 2016 to January 1, 2017. However, an experience study was conducted on behalf of all WRS's plans covering the five year period ended December 31, 2016. The study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. The proposed assumptions were used in the December 31, 2017 measurements.

Changes in benefits – There have been no changes in benefit provisions in the Public Employees' Pension Plan and Law Enforcement 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, 2018

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 609,908	\$ 4,838,497	\$ -	\$ 5,448,405
Investments	72,647	2,742,061	-	2,814,708
Due from other governments	47,457	-	-	47,457
Total assets	\$ 730,012	\$ 7,580,558	\$ -	\$ 8,310,570
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 50,449	\$ -	\$ 50,449
Due to other funds	13,473	-	-	13,473
Total liabilities	13,473	50,449	-	63,922
Fund Balances				
Restricted				
County road construction	716,539	-	-	716,539
Committed				
Road construction	-	7,530,109	-	7,530,109
Total fund balances	716,539	7,530,109	-	8,246,648
Total liabilities and fund balances	\$ 730,012	\$ 7,580,558	\$ -	\$ 8,310,570

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES COUNTY ROADS FUNDS Year Ended June 30, 2018

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
Revenues				
Intergovernmental revenues	490,464	469,049	-	959,513
Investment income	6,775	19,314	-	26,089
Total revenues	<u>497,239</u>	<u>488,363</u>	<u>-</u>	<u>985,602</u>
Expenditures				
Capital outlay	2,237,033	1,348,602	-	3,585,635
Total expenditures	<u>2,237,033</u>	<u>1,348,602</u>	<u>-</u>	<u>3,585,635</u>
Deficiency of revenues over expenditures	<u>(1,739,794)</u>	<u>(860,239)</u>	<u>-</u>	<u>(2,600,033)</u>
Other financing sources				
Transfers in	-	2,724,346	-	2,724,346
Transfers out	-	-	(111,138)	(111,138)
Total other financing sources	<u>-</u>	<u>2,724,346</u>	<u>(111,138)</u>	<u>2,613,208</u>
Net changes in fund balances	(1,739,794)	1,864,107	(111,138)	13,175
Fund balances, beginning of year	<u>2,456,333</u>	<u>5,666,002</u>	<u>111,138</u>	<u>8,233,473</u>
Fund balances, end of year	<u>\$ 716,539</u>	<u>\$ 7,530,109</u>	<u>\$ -</u>	<u>\$ 8,246,648</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, 2018

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Tax revenue	\$ 392,000	\$ 392,000	\$ 476,617	\$ 84,617
Investment income	8,000	8,000	5,017	(2,983)
	<u>400,000</u>	<u>400,000</u>	<u>481,634</u>	<u>81,634</u>
Expenditures				
Capital outlay	3,025,326	3,025,326	2,237,032	788,294
Total expenditures	<u>3,025,326</u>	<u>3,025,326</u>	<u>2,237,032</u>	<u>788,294</u>
Net change in fund balance	(2,625,326)	(2,625,326)	(1,755,398)	<u>\$ 869,928</u>
Fund balance, beginning of year	<u>2,424,798</u>	<u>2,424,798</u>	<u>2,424,798</u>	
Fund balance, end of year	<u>\$ (200,528)</u>	<u>\$ (200,528)</u>	<u>\$ 669,400</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, 2018

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 222,779	\$ 222,779	\$ 691,829	\$ 469,050
Investment income	8,000	8,000	29,926	21,926
	<u>230,779</u>	<u>230,779</u>	<u>721,755</u>	<u>490,976</u>
Expenditures				
Capital outlay	7,477,755	7,477,755	1,298,591	6,179,164
Total expenditures	<u>7,477,755</u>	<u>7,477,755</u>	<u>1,298,591</u>	<u>6,179,164</u>
Deficiency of revenues over expenditures	<u>(7,246,976)</u>	<u>(7,246,976)</u>	<u>(576,836)</u>	<u>6,670,140</u>
Other financing sources				
Transfers in	2,496,452	2,496,452	2,724,346	227,894
Total other financing sources	<u>2,496,452</u>	<u>2,496,452</u>	<u>2,724,346</u>	<u>227,894</u>
Net change in fund balance	(4,750,524)	(4,750,524)	2,147,510	<u>\$ 6,442,246</u>
Fund balance, beginning of year	<u>5,445,090</u>	<u>5,445,090</u>	<u>5,445,090</u>	
Fund balance, end of year	<u>\$ 694,566</u>	<u>\$ 694,566</u>	<u>\$ 7,592,600</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,029,961	\$ 4,029,961	\$ 3,166,584	\$ (863,377)
Investment income	-	-	15,355	15,355
	<u>4,029,961</u>	<u>4,029,961</u>	<u>3,181,939</u>	<u>(848,022)</u>
Expenditures				
Capital outlay	14,205,095	14,205,095	11,564,452	2,640,643
Total expenditures	<u>14,205,095</u>	<u>14,205,095</u>	<u>11,564,452</u>	<u>2,640,643</u>
Deficiency of revenues over expenditures	<u>(10,175,134)</u>	<u>(10,175,134)</u>	<u>(8,382,513)</u>	<u>1,792,621</u>
Other financing sources				
Transfers in	3,428,377	3,428,377	3,126,705	(301,672)
Total other financing sources	<u>3,428,377</u>	<u>3,428,377</u>	<u>3,126,705</u>	<u>(301,672)</u>
Net change in fund balance	(6,746,757)	(6,746,757)	(5,255,808)	<u>\$ 1,490,949</u>
Fund balance, beginning of year	<u>9,104,463</u>	<u>9,104,463</u>	<u>9,104,463</u>	
Fund balance, end of year	<u>\$ 2,357,706</u>	<u>\$ 2,357,706</u>	<u>\$ 3,848,655</u>	

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2018

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
ASSETS					
Cash and cash equivalents	\$ 15,518	\$ 64,889	\$ 57,752	\$ 318,610	\$ 30,490
Property taxes receivable	75	237	274	-	-
Accounts receivable	-	-	-	27,327	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid maintenance	-	-	-	83,838	-
Total assets	<u>\$ 15,593</u>	<u>\$ 65,126</u>	<u>\$ 58,026</u>	<u>\$ 429,775</u>	<u>\$ 30,490</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Refundable advances	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable property tax revenue	75	237	274	-	-
Total deferred inflows of resources	<u>75</u>	<u>237</u>	<u>274</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	83,838	-
Restricted					
Rural fire protection	15,518	-	-	-	-
Parks and recreation	-	64,889	-	-	-
Health department	-	-	57,752	-	-
Enhanced 911	-	-	-	345,937	-
Grants	-	-	-	-	30,490
Assigned					
Inmate welfare	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>15,518</u>	<u>64,889</u>	<u>57,752</u>	<u>429,775</u>	<u>30,490</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,593</u>	<u>\$ 65,126</u>	<u>\$ 58,026</u>	<u>\$ 429,775</u>	<u>\$ 30,490</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	HAHR	Maternal Child
\$ 17,145	\$ -	\$ 11,024	\$ 56,635	\$ 52,909	\$ 414	\$ 5
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,339	944	-	7,962	-	-	-
-	220	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 25,484</u>	<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ 64,597</u>	<u>\$ 52,909</u>	<u>\$ 414</u>	<u>\$ 5</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,164	-	-	-
-	-	-	-	-	414	-
-	-	-	1,164	-	414	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,484	1,164	11,024	63,433	-	-	-
-	-	-	-	52,909	-	-
-	-	-	-	-	-	5
<u>25,484</u>	<u>1,164</u>	<u>11,024</u>	<u>63,433</u>	<u>52,909</u>	<u>-</u>	<u>5</u>
<u>\$ 25,484</u>	<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ 64,597</u>	<u>\$ 52,909</u>	<u>\$ 414</u>	<u>\$ 5</u>

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CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2018

	WIC Grant	Impact Assistance	HIV	Total Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 11,105	\$ 636,496
Property taxes receivable	-	-	-	586
Accounts receivable	-	-	-	27,327
Due from other governments	182	-	354	17,781
Due from other funds	-	-	-	220
Prepaid maintenance	-	-	-	83,838
Total assets	<u>\$ 182</u>	<u>\$ -</u>	<u>\$ 11,459</u>	<u>\$ 766,248</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 151	\$ -	\$ -	\$ 151
Due to other funds	1,436	-	-	2,600
Refundable advances	-	-	11,459	11,873
Total liabilities	<u>1,587</u>	<u>-</u>	<u>11,459</u>	<u>14,624</u>
Deferred inflows of resources				
Unavailable property tax revenue	-	-	-	586
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>586</u>
Fund balances				
Nonspendable	-	-	-	83,838
Restricted				
Rural fire protection	-	-	-	15,518
Parks and recreation	-	-	-	64,889
Health department	-	-	-	57,752
Enhanced 911	-	-	-	345,937
Grants	-	-	-	131,595
Assigned				
Inmate welfare	-	-	-	52,909
Unassigned	(1,405)	-	-	(1,400)
Total fund balances (deficit)	<u>(1,405)</u>	<u>-</u>	<u>-</u>	<u>751,038</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 182</u>	<u>\$ -</u>	<u>\$ 11,459</u>	<u>\$ 766,248</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2018

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
Revenues					
Taxes	\$ 103	\$ 198	\$ 313	\$ -	\$ -
Intergovernmental revenues	867	249	310	129,171	-
Investment income	-	-	121	745	73
Miscellaneous revenues	300	960	930	-	2,500
Total revenues	<u>1,270</u>	<u>1,407</u>	<u>1,674</u>	<u>129,916</u>	<u>2,573</u>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	118,498	646
Health, welfare and recreation	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,498</u>	<u>646</u>
Excess (deficiency) of revenues over expenditures	1,270	1,407	1,674	11,418	1,927
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>1,270</u>	<u>1,407</u>	<u>1,674</u>	<u>11,418</u>	<u>1,927</u>
Fund balances (deficits), beginning of year	<u>14,248</u>	<u>63,482</u>	<u>56,078</u>	<u>418,357</u>	<u>28,563</u>
Fund balances (deficits), end of year	<u>\$ 15,518</u>	<u>\$ 64,889</u>	<u>\$ 57,752</u>	<u>\$ 429,775</u>	<u>\$ 30,490</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grant	Inmate Welfare	HAHR	Maternal Child
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,416	8,577	-	267,613	-	82,086	55,356
-	-	-	-	171	-	7
-	-	-	30,253	-	-	-
<u>19,416</u>	<u>8,577</u>	<u>-</u>	<u>297,866</u>	<u>171</u>	<u>82,086</u>	<u>55,363</u>
-	-	-	22,206	-	82,086	-
25,887	-	-	266,135	18,033	-	-
-	9,466	-	-	-	-	59,345
<u>25,887</u>	<u>9,466</u>	<u>-</u>	<u>288,341</u>	<u>18,033</u>	<u>82,086</u>	<u>59,345</u>
(6,471)	(889)	-	9,525	(17,862)	-	(3,982)
7,504	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,033	(889)	-	9,525	(17,862)	-	(3,982)
24,451	2,053	11,024	53,908	70,771	-	3,987
<u>\$ 25,484</u>	<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ 63,433</u>	<u>\$ 52,909</u>	<u>\$ -</u>	<u>\$ 5</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED) Year Ended June 30, 2018

	WIC Grant	Impact Assistance	HIV	Total Nonmajor Special Revenue Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 614
Intergovernmental revenues	13,470	-	-	577,115
Investment income	-	-	-	1,117
Miscellaneous revenues	-	-	-	34,943
Total revenues	<u>13,470</u>	<u>-</u>	<u>-</u>	<u>613,789</u>
Expenditures				
General government	-	-	-	104,292
Public safety	-	-	-	429,199
Health, welfare and recreation	12,086	-	5,655	86,552
Total expenditures	<u>12,086</u>	<u>-</u>	<u>5,655</u>	<u>620,043</u>
Excess (deficiency) of revenues over expenditures	1,384	-	(5,655)	(6,254)
Other financing sources (uses)				
Transfers in	-	-	-	7,504
Transfers out	-	(116,755)	-	(116,755)
Total other financing sources (uses)	<u>-</u>	<u>(116,755)</u>	<u>-</u>	<u>(109,251)</u>
Net changes in fund balances	<u>1,384</u>	<u>(116,755)</u>	<u>(5,655)</u>	<u>(115,505)</u>
Fund balances (deficits), beginning of year	<u>(2,789)</u>	<u>116,755</u>	<u>5,655</u>	<u>866,543</u>
Fund balances (deficits), end of year	<u>\$ (1,405)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,038</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2018

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 642,086	\$ 233,337	\$ 875,423
Investments	53,636	3,424	57,060
Property taxes receivable	1,519	-	1,519
Accounts receivable	1,431	912	2,343
Restricted cash and cash equivalents	3,809,429	118,452	3,927,881
Restricted investments, long-term	3,149,485	142,943	3,292,428
Beneficial interest in assets held by others	-	251,511	251,511
Capital assets not being depreciated	152,613	-	152,613
Capital assets being depreciated, net of accumulated depreciation	<u>15,986,626</u>	<u>-</u>	<u>15,986,626</u>
Total assets	<u>23,796,825</u>	<u>750,579</u>	<u>24,547,404</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	<u>239,177</u>	<u>-</u>	<u>239,177</u>
Total deferred outflows of resources	<u>239,177</u>	<u>-</u>	<u>239,177</u>
LIABILITIES			
Accounts payable and accrued liabilities	124,909	2,955	127,864
Noncurrent liabilities			
Due within one year	4,927	-	4,927
Due in more than one year	26,208	-	26,208
Net pension liability	<u>656,669</u>	<u>-</u>	<u>656,669</u>
Total liabilities	<u>812,713</u>	<u>2,955</u>	<u>815,668</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	<u>139,824</u>	<u>-</u>	<u>139,824</u>
Total deferred inflows of resources	<u>139,824</u>	<u>-</u>	<u>139,824</u>
NET POSITION			
Net investment in capital assets	15,969,901	-	15,969,901
Restricted by donors, nonexpendable	-	581,978	581,978
Restricted by donors, expendable	-	60,272	60,272
Restricted by voters	6,958,914	-	6,958,914
Unrestricted	<u>154,650</u>	<u>105,374</u>	<u>260,024</u>
Total net position	<u>\$ 23,083,465</u>	<u>\$ 747,624</u>	<u>\$ 23,831,089</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, 2018

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Taxes	\$ 4,850	\$ -	\$ 4,850
Charges for services	15,947	-	15,947
Intergovernmental revenue	1,306,350	-	1,306,350
Miscellaneous	718	393	1,111
Investment income	56,664	4,814	61,478
Public support	-	12,482	12,482
Total revenues	<u>1,384,529</u>	<u>17,689</u>	<u>1,402,218</u>
Expenditures			
Current			
Health, welfare and recreation	2,066,575	2,749	2,069,324
Debt service			
Interest	2,285	-	2,285
Total expenditures	<u>2,068,860</u>	<u>2,749</u>	<u>2,071,609</u>
Excess (deficiency) of revenues over expenditures	(684,331)	14,940	(669,391)
Net position, beginning of year	<u>23,767,796</u>	<u>732,684</u>	<u>24,500,480</u>
Net position, end of year	<u>\$23,083,465</u>	<u>\$ 747,624</u>	<u>\$23,831,089</u>

COMPLIANCE SECTION

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CONVERSE COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201717W100343	\$ -	\$ 13,470
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	13-DG-11020000-036 14-DG-11020000-050 15-DG-11020000-053	242,337	242,337
Total U.S. Department of Agriculture			<u>242,337</u>	<u>255,807</u>
<u>U.S. Department of Transportation</u>				
Passed through Wyoming Department of Transportation <i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	20.205	HRRR CN16202	-	469,050
Total Highway Planning and Construction Cluster			-	469,050
Passed through Wyoming Association of Sheriff's and Chiefs of Police <i>Highway Safety Cluster</i> Alcohol Open Container Requirements	20.607	-	-	27,753
Total Highway Safety Cluster			-	27,753
Total U.S. Department of Transportation			-	496,803
<u>U.S. Department of Health and Human Services</u>				
Passed through Wyoming Department of Health Public Health Emergency Preparedness	93.069	-	-	82,086
Passed through the Wyoming Department of Family Services <i>TANF Cluster</i> Temporary Assistance for Needy Families	93.558	-	-	9,466
Passed through Wyoming Department of Health HIV Care Formula Grant	93.917	X07HA00053	-	4,493
Total U.S. Department of Health and Human Services			-	96,045
<u>U.S. Department of Homeland Security</u>				
Passed through Wyoming Office of Homeland Security Emergency Management Performance Grants	97.042	16-GPC-CON-EM-GCF16	-	30,000
Pre-Disaster Mitigation	97.047	16FEMA-CON-PD-PDMC16	-	19,416
Total U.S. Department of Homeland Security			-	49,416
Total Expenditures of Federal Award			<u>\$ 242,337</u>	<u>\$ 898,071</u>

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CONVERSE COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Converse County, Wyoming under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Converse County, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Converse County, Wyoming.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Converse County, Wyoming has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4. Payment in Lieu of Taxes – CFDA 15.226

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under Uniform Guidance. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there is no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2018, the County recognized \$772,089 of PILT entitlement as income.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF 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, 2018, 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 25, 2019.

Our report includes a reference to other auditors who audited the financial statements of 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 questioned costs as 2018-001, 2018-002, and 2018-003 that we consider to be material weaknesses.



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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.

We noted certain matters that we reported to management of the County in a separate letter dated March 25, 2019.

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 questioned costs. 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 25, 2019

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Converse County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Converse County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Converse County, Wyoming's major federal programs for the year ended June 30, 2018. Converse County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Converse County, Wyoming's basic financial statements include the operations 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. Our audit described below, did not include the operations of the aforementioned entities because these organizations engaged other auditors to perform their audits. The reports of those auditors referenced \$0 of federal awards being expended by the Memorial Hospital of Converse County, the Converse County Weed and Pest District, and the Converse County Airport Board.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Converse County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Converse County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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

Opinion on Each Major Federal Program

In our opinion, Converse County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Converse County, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Converse County, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
March 25, 2019

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CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

PART I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.205	<i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	\$ 469,050

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

PART II FINANCIAL STATEMENT FINDINGS

Internal Control Matters

Material Weakness in Internal Control over Financial Reporting

2018-001

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 accounting principles generally accepted in the United States of America (GAAP).

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.

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 or potential 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

See Corrective Action Plan.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

PART II FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Weakness in Internal Control over Financial Reporting (Continued)

2018-002

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 or potential effect

Significant journal entries were posted to correct the capital asset balances for government wide financial statements. While these entries are not part of the County's assessment of budgetary compliance, they 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.

Views of responsible officials

See Corrective Action Plan.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

PART II FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Weakness in Internal Control over Financial Reporting (Continued)

2018-003

Determination of Single Audit Requirement

Criteria

The County is responsible for the preparation of the schedule of expenditures of federal awards in accordance with Uniform Guidance and for determining if a single audit is required based upon meeting or exceeding the threshold of expending \$750,000 or more in Federal awards during the year.

Condition

The County prepared the schedule of expenditures of federal awards for the fiscal year ended June 30, 2018; however, the schedule indicated that the County's federal expenditures were less than \$750,000. This was not correct as the audit procedures revealed that the schedule did not include \$ 242,337 of federal expenditures for the Cooperative Forestry Assistance (Firewise) grant.

Cause

Grants within the County are administered by a variety of individuals with wide differences in skill sets. While many individuals maintain records of grant awards and the associated expenditures, no system is in place to readily provide the data necessary to accumulate all federal expenditures for making a determination if a single audit is required.

Effect or potential effect

The inaccuracy of the expenditures excluded from the summary of federal grant expenditures could result in an incorrect determination that a single audit is not required under Uniform Guidance.

Recommendation

All grant managers should provide a copy of all grant award documents to the individual who has the responsibility for preparation of the schedule of federal awards. At the time the grant award is received, we recommend the trial balance software is utilized to clearly identify all federal expenditures for each grant separately from state or local funds associated with any projects. Accounts may be established for each individual federal funding stream of expenditures based upon account codes. A listing should be maintained which contains the basic information for each grant, including the name of the federal program, the CFDA number, the period covered by the award, pass-through entity and identifying number from the pass-through entity, key account numbers associated with the grant, and the name and contact information for the individual responsible for management of the award. At the end of each year, a report can then be developed which will automatically pull together all the grant expenditures associated with each grant award on the listing. In addition, we recommend that the schedule is compared to the prior year schedule of federal expenditures for completeness.

Views of responsible officials

See Corrective Action Plan.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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Board of Commissioners

Converse County, Wyoming

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

Summary Schedule of Prior Audit Findings
June 30, 2018

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.

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 2018-001.

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).

Status

This finding has been repeated.

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Summary Schedule of Prior Audit Findings (Continued)
June 30, 2018

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 present the financial statements from being materially misstated in accordance with generally accepted accounting principles accepted in the United States (GAAP.)

Status

This conditions has been resolved.

2017-004

Compliance

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.

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Summary Schedule of Prior Audit Findings (Continued)

June 30, 2018

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.

Status

This condition has been resolved.

Board of Commissioners

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CORRECTIVE ACTION PLAN

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001 – Preparation of Financial Statements

Name of Contact Personnel – Lucile Taylor, County Clerk & Joel Schell, County Treasurer

Corrective Action

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. However, the County will request an employee receive additional training in financial reporting.

Proposed Completion Date: Fiscal year ended June 30, 2020

Finding 2018-002 – Material Audit Adjustments

Corrective Action

Name of Contact Personnel – Lucile Taylor, County Clerk & Joel Schell, County Treasurer.

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. However, the County will request an employee receive additional training in financial reporting.

Proposed Completion Date: Fiscal year ended June 30, 2020

Finding 2018-003 – Determination of Single Audit Requirement

Name of Contact Personnel – Lucile Taylor, County Clerk & Joel Schell, County Treasurer

Corrective Action

We will provide guidance and a format to all grant administrators which will incorporate the required elements of the SEFA as prescribed under Uniform Guidance. The County will compare the federal grant expenditure information provided by each County department to the prior year information for reasonableness. In addition, the County will reconcile the information to the general ledger detail transactions.

Proposed Completion Date: Fiscal year ended June 30, 2019