

Converse County, Wyoming

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2019



CONVERSE COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2019

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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, 2019, 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

Converse County, Wyoming's 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 aggregate 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, 2019, 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

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

The other supplementary information, as listed in the table of contents, 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 3, 2020, 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 3, 2020
Casper, Wyoming

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

(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, 2019. 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, 2019 by \$118,669,711 (Net Position). Of this amount \$45,275,784 (Unrestricted Net Position) may be used to meet ongoing obligations, and \$71,609,990 is invested in capital assets, net of related debt.

As of June 30, 2019, the County's governmental funds reported combined fund balances of \$53,993,805. Unassigned fund balance of the governmental fund balance was \$17,168,871.

The fund balance for the general fund was \$41,835,437 as of June 30, 2019, with an unassigned fund balance of \$17,245,714.

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, 2019

(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, 2019

(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, 2019

(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 \$118,669,711. A large portion of the County's net position (approximately 60%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads and bridges. These assets are not available for future spending. The unrestricted net position of \$45,275,784 (38%) may be used to meet the County's ongoing obligations.

The County's net position for the governmental activities as of June 30, 2019, was as follows:

	2019	2018	Variance
ASSETS			
Current assets	\$ 82,617,344	\$ 61,591,304	\$ 21,026,040
Capital assets, net of accumulated depreciation	71,609,990	72,769,359	(1,159,369)
Total assets	<u>154,227,334</u>	<u>134,360,663</u>	<u>19,866,671</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,847,421</u>	<u>2,800,702</u>	<u>2,046,719</u>
LIABILITIES			
Current liabilities	2,402,674	1,337,114	(1,065,560)
Due in more than one year	376,440	336,843	(39,597)
Pension liability	11,090,438	6,218,493	(4,871,945)
Total liabilities	<u>13,869,552</u>	<u>7,892,450</u>	<u>(5,977,102)</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	24,689,386	16,374,320	(8,315,066)
Pension items	1,580,531	1,523,288	(57,243)
Unavailable other revenue	265,575	-	(265,575)
	<u>26,535,492</u>	<u>17,897,608</u>	<u>(8,637,884)</u>
NET POSITION			
Net investment in capital assets	71,609,990	72,059,928	(449,938)
Restricted	1,783,937	1,332,230	451,707
Unrestricted	45,275,784	37,979,149	7,296,635
Total net position	<u>\$ 118,669,711</u>	<u>\$ 111,371,307</u>	<u>\$ 7,298,404</u>

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

(Unaudited)

Government-wide Financial Analysis (Continued)

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

	<u>2019</u>	<u>Percentage</u>	<u>2018</u>	<u>Percentage</u>	<u>Variance</u>
Revenues					
General					
Taxes					
Property	\$ 15,921,284	39.5%	\$ 13,285,499	37.8%	\$ 2,635,785
Sales	9,133,775	22.6%	6,658,501	19.0%	2,475,274
Other	8,629,299	21.4%	6,439,077	18.3%	2,190,222
Other grants and contributions	293,547	0.7%	152,559	0.4%	140,988
Payments in lieu of taxes	985,125	2.4%	772,089	2.2%	213,036
Unrestricted interest earnings	911,465	2.3%	199,645	0.7%	711,820
Special item - disposal of capital assets	(7,935)	0.0%	90,318	0.4%	(98,253)
Miscellaneous	436,354	1.1%	117,104	0.3%	319,250
Program Revenues					
Charges for services	1,976,251	4.9%	1,290,090	3.7%	686,161
Operating grants and contributions	1,755,372	4.4%	903,079	2.6%	852,293
Capital grants contributions	314,166	0.8%	5,205,901	14.8%	(4,891,735)
Total revenues	<u>40,348,703</u>	<u>100.1%</u>	<u>35,113,862</u>	<u>100.2%</u>	<u>5,234,841</u>
Expenses					
General government	11,603,581	36.2%	10,416,075	41.1%	1,187,506
Public safety	10,422,028	32.6%	4,941,396	19.6%	5,480,632
Public works	8,966,593	28.0%	9,307,278	36.7%	(340,685)
Health, welfare, and recreation	870,171	2.7%	533,121	2.1%	337,050
Conservation of natural resources	145,443	0.5%	139,656	0.6%	5,787
Interest on long-term debt	2,482	0.0%	4,888	0.0%	(2,406)
Total expenses	<u>32,010,298</u>	<u>100.0%</u>	<u>25,342,414</u>	<u>100.1%</u>	<u>6,667,884</u>
Changes in net position	8,338,405		9,771,448		<u>\$ (1,433,043)</u>
Net position, beginning of year	111,371,307		-		
Prior period adjustment	(1,040,001)		-		
Net position, beginning of year as restated	110,331,306		101,599,859		
Net position, end of year	<u>\$ 118,669,711</u>		<u>\$ 111,371,307</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, 2019, the County's governmental funds reported combined fund balances of \$53,993,805.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
(Unaudited)

Financial Analysis of the County's Funds (Continued)

The General Fund is the main operating fund of the County. As of June 30, 2019, the total fund balance was \$41,835,437, while the unassigned General Fund balance was \$17,245,714.

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, 2019, the County Roads Fund showed a fund balance of \$8,210,138.

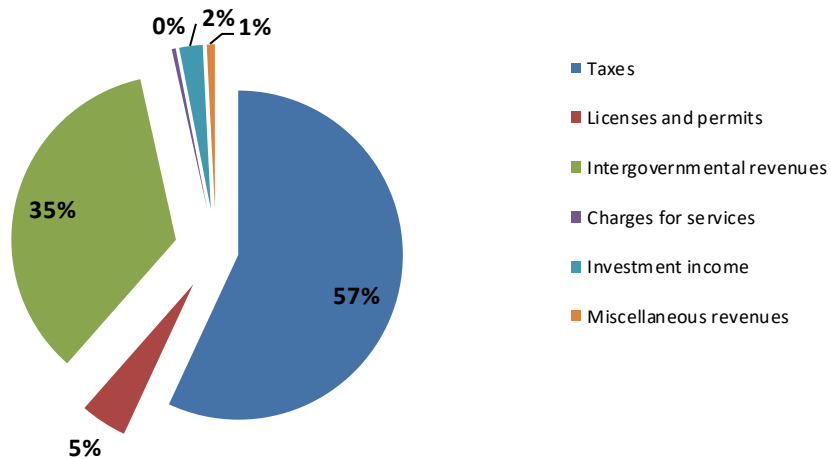
The Joint Justice Center Joint Powers Board is a blended component unit of the County reported as a special revenue fund. It accounts for the operation of the Converse County Justice Center. The County has 74% interest and responsibility for the expenditures of the Converse Justice Center. The City of 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. As of June 30, 2019, the total fund balance was \$2,907,078.

Revenues for governmental funds were approximately \$39.8 million for the fiscal year ended June 30, 2019. The following schedule presents revenues by source.

Revenues	2019	Percentage	2018	Percentage	Variance
Taxes	\$ 22,693,881	56.9%	\$ 18,127,821	51.7%	\$ 4,566,060
Licenses and permits	1,820,161	4.6%	1,186,188	3.4%	633,973
Intergovernmental revenues	13,967,445	35.0%	15,221,341	43.4%	(1,253,896)
Charges for services	156,090	0.4%	103,902	0.3%	52,188
Investment income	917,051	2.3%	191,668	0.5%	725,383
Miscellaneous revenues	312,389	0.8%	236,628	0.7%	75,761
Total revenues	\$ 39,867,017	100.0%	\$ 35,067,548	100.0%	\$ 4,799,469

Revenue



CONVERSE COUNTY, WYOMING

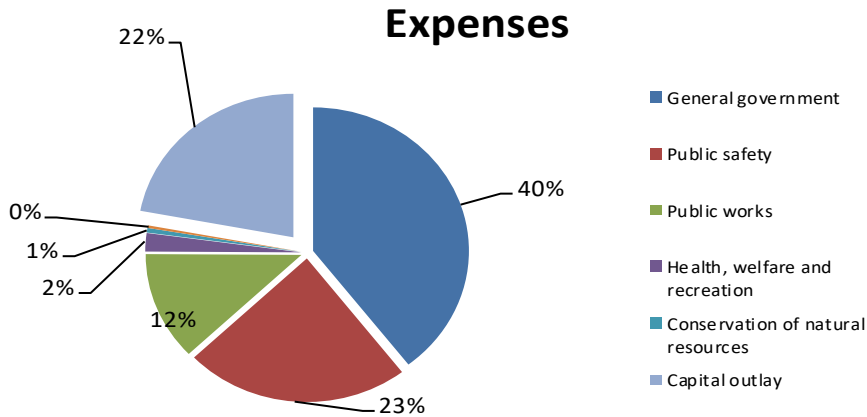
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
(Unaudited)

Financial Analysis of the County's Funds (Continued)

Expenditures for governmental funds were \$27,888,910 for fiscal year 2019. The major difference from 2018 related to the County's contribution to the construction of the completed Converse County Joint Justice Center in 2018, as represented in Capital outlay, which decreased from \$15,546,842 to \$4,331,723 in 2019.

The following schedule presents expenditures by activities.

Expenditures	2019	Percentage	2018	Percentage	Variance
Current					
General government	\$ 11,025,053	39.5%	\$ 10,001,212	28.0%	\$ 1,023,841
Public safety	6,511,272	23.3%	5,598,949	15.7%	912,323
Public works	3,404,424	12.2%	3,786,386	10.6%	(381,962)
Health, welfare and recreation	576,898	2.1%	544,368	1.5%	32,530
Conservation of natural resources	144,323	0.5%	137,297	0.4%	7,026
Debt Service					
Principal	77,576	0.3%	75,170	0.2%	2,406
Interest	2,483	0.0%	4,888	0.0%	(2,405)
Capital outlay	6,146,881	22.0%	15,546,842	43.6%	(9,399,961)
Total expenditures	\$ 27,888,910	100.0%	\$ 35,695,112	100.0%	\$ (7,806,202)



Energy activity continued to increase and drive revenues in Fiscal Year 2019, resulting in record revenues for the General Fund. The \$39.8 million in revenues for governmental funds set a new high mark, significantly higher than the \$35.6 million received in Fiscal Year 2016, during the last period of growth. Expenses, on the other hand, dropped 21.8% due to the reduction in capital outlay and the completion of the Joint Justice Center. Capital outlay expenditures represented 43.5% of all spending in Fiscal Year 2018 and only 15.5% of spending in Fiscal Year 2019. The increased revenues, combined with a decrease in spending, resulted in an end of year fund balance of \$41.8 million, up 43% from where the county began the year, at \$29.2 million.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Sales tax revenues drove much of the revenue increase, with collections topping \$12.7 million in Fiscal Year 2019, an increase of 53% over Fiscal Year 2018's total of \$8.3 million. The Mining and Industries in Support of Mining sector contributed the most to sales tax revenues, 45% of the total, though other sectors were also strong. Collections from the Retail sector almost doubled, from \$707,000 in FY 2018 to \$1.4 million in FY 2019, reflecting the overall strength and confidence in the local economy.

Record production of oil and gas in the County as well as stable prices led to an assessed valuation of \$1.36 billion for Tax Year 2018, collected during FY 2019, an increase of 23% from the prior year, which totaled \$1.1 billion. The increase in assessed valuation brought \$15.8 million in revenue to the General Fund from ad valorem taxes, an increase of \$2.4 million over FY 2018, or 18%.

General Fund spending across all County departments remained relatively flat, at \$13.6 million, a 1% increase over the \$13.5 million expended in FY 2018. Spending on roads, however, increased 150%, from \$1.3 million in FY 2018 to \$3.3 million in FY 2019, including \$1.5 million for Walker Creek Road and \$1.4 million on Jenne Trail. Fiscal Year 2019 also realized the first complete year of operations at the Joint Justice Center, where operational expenses totaled \$1.5 million and building expenses reached \$1.3 million.

For all government operations, spending totaled \$27.9 million in FY 2019, down 22% from the \$35.7 million spent in FY 2018. Spending on the construction of the Joint Justice Center in FY 2018 accounted for most of the decrease, as expenses for capital projects dropped from \$15.5 million in FY 2018 to \$4.3 million in FY 2019.

The significant increase in revenues combined with decreased spending allowed for growth in the General Fund of 43%. The fund began the year at \$29.2 million and ended at \$41.8 million, a \$12.6 million increase.

The excess revenues allowed the County to continue building reserves. At the end of FY 2018, the County had just over \$29 million in reserve accounts, split between the Operating Reserve (\$3.6 million), Building Reserve (\$19.5 million), Equipment Reserve (\$3.2 million), Salary Reserve (\$1.6 million), and Depreciation Reserve (\$1.2 million).

The increase in the General Fund balance and reserve accounts occurred even as coal and coal companies continued to struggle. Although coal represented 25% of the County's overall taxable value as recently as 2012, at \$295 million, by tax year 2018, decreased price and demand reduced it to 8.5% of the valuation, at \$116 million. Projections are that power sector demand for coal will fall another 2% in 2020.

Cloud Peak Energy, owners of the North Antelope coal mine, filed for bankruptcy on May 10th, 2019. While the mine continued to operate, keeping employees working, Cloud Peak did not pay the second half of the property taxes on their coal production, leaving the County and other taxing entities with \$3.3 million in delinquent taxes outstanding. While most of the taxes belong to schools, the impact to the General Fund was a loss of \$694,000 in FY 2019.

Navajo Transitional Energy Company is in the process of purchasing the mine and while the County is negotiating with them on the payment of the delinquent taxes, those payments would likely occur over the next five or seven years.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

(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, 2019 was approximately \$71.6 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 2019, the County continued to address road projects, budgeting \$2.5 million for Walker Creek Rd, \$1.8 million for Mormon Canyon Road, \$1.2 million for Jenne Trail, \$1.2 million for Brownfield Road, \$210,000 for Irvine Road, \$94,000 for Ross Road, and another \$5.9 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 2019 budget, including the final payments on two blades and the purchase of one new blade, a semi-tractor, a snowplow and two pickups. The Sheriff's Office was authorized to purchase six patrol vehicles and a transport van for the Detention Center.

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 \$11,982,944 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 \$11,090,438, \$6,218,493, and \$6,114,877, as of June 30, 2019, 2018, and 2017, respectively.

Fiscal Year 2019 Budget

The County anticipated a slight decrease in General Fund revenues for FY 2019, budgeting \$26,387,449 in revenue, \$1.6 million less than the \$27,997,965 received in FY 2018. The County projected higher property tax revenues, budgeted at \$16.2 million compared to FY 2018's \$13.4 million. That increase was largely expected to be offset by a steep drop in sales tax revenues, which were expected to total \$5.3 million for FY 2019 after receiving \$8.3 million in FY 2018.

The decrease was not realized, as the County received \$36.1 million in revenues, \$9.7 million more than the budget reflected. In sales taxes alone, the county receipted \$12.7 million in revenue, \$7.4 million above the \$5.3 million budgeted.

The exception to the excess revenues was in property taxes, where the County's 12-mill levy was expected to generate \$16,278,299 but only resulted in taxes of \$15,798,056. This shortfall was due to the County's share of the \$3.3 million in delinquent taxes left unpaid by the Cloud Peak bankruptcy.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Property taxes continue to be the largest single contributor to General Fund revenue, accounting for \$15.8 million of the \$36.1 collected, or 44% 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

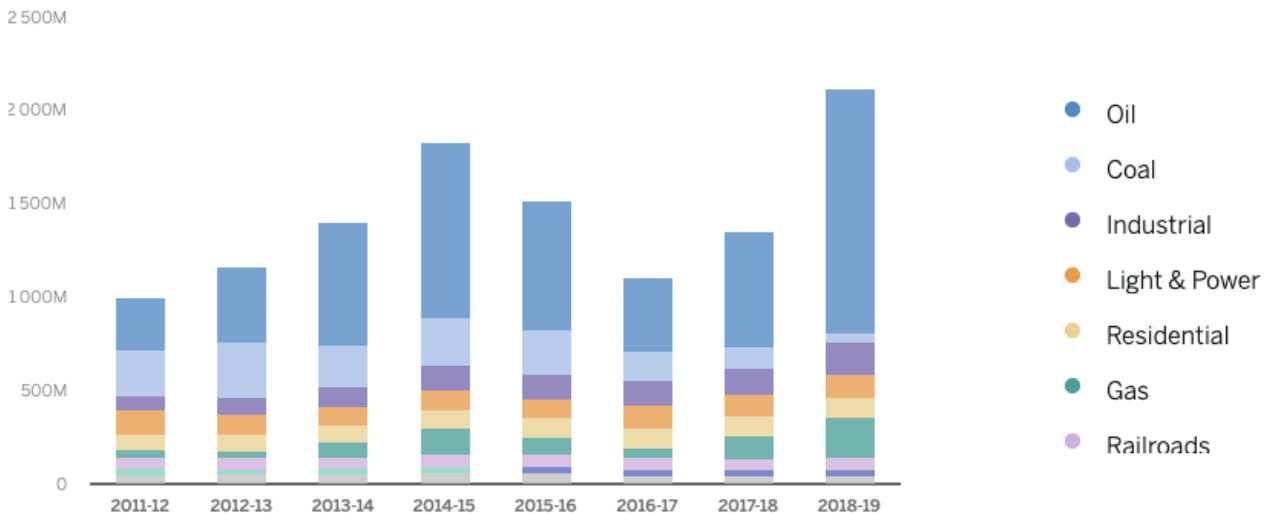
The revenue picture continues to be bright for Fiscal Year 2020 and beyond. In FY 2020, the County is expecting even higher revenues than the record \$36.1 million in FY 2019, budgeting almost \$43 million in revenues for the General Fund. Much of that stems from record oil and gas production, which drove the County's assessed valuation to a record \$2.1 billion for tax year 2019, which is to be collected in FY 2020. The additional \$800 million in value over the prior year will result in an additional \$9.7 million in revenues to the County just from property taxes.

Overall revenues are projected to increase significantly in spite of the continuing troubles with coal. Cloud Peak and the North Antelope coal mine continue to operate under the uncertainty of bankruptcy. Adding the 2019 assessments to their delinquent tax total, Cloud Peak now owes the County over \$8.3 million in taxes and negotiations with prospective buyer Navajo Transitional Energy Company continue.

Fortunately, oil and gas revenues continue to rise while prices remain steady, which could provide increased values and stable revenues for the near future.

Economic Factors

The County's taxable value continued to rise behind strong oil production, which represented 62% of the County's \$2.1 billion assessed valuation in 2019.



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 2018 to tax year 2019, with oil going over \$1 billion in value.

<u>Mineral</u>	<u>2017 Value</u>	<u>2018 Value</u>	<u>2019 Value</u>
Coal	\$158,189,068	\$115,908,856	\$ 49,822,198
Oil	\$395,523,045	\$620,394,836	\$1,311,008,305
Gas	\$ 50,499,834	\$121,730,817	\$ 209,652,764
Uranium	\$ 9,478,854	\$ 2,580,068	\$ 546,678

Expectations are the oil and gas valuation will continue to rise in tax year 2020, due to increased production and steady prices. In 2019, according to the Wyoming Oil & Gas Commission, the county had 1,532 active wells that produced 29.8 million barrels of oil, or 32% of all the oil produced in the State of Wyoming.

This is a drastic increase in both wells and production. As recently as 2017, the County had 1,235 wells that produced 14 million barrels of oil, only 18% of the state total. Production in Converse County has roughly doubled in two years.

The record production in calendar year 2019 will be billed with the 2020 taxes in September 2020, meaning that the County's 2020 assessed valuation is likely to top 2019's \$2.1 billion.

In January 2020, according to Baker-Hughes, there were 20 oil rigs active in the State of Wyoming with 14 operating in Converse County, so exploration and expansion show no signs of slowing.

The County also continues to diversify, with additional windfarms being permitted in 2019 with construction to commence in 2020.

The Cedar Springs Wind Project, located on over 71,000 acres of land situated 10 miles north of Douglas, is expected to produce up to 400 megawatts of energy. The project will consist of 160 turbines and will be built in two phases, I and II.

A third windfarm, Cedar Springs III, will be constructed in an adjacent area, on over 20,000 acres. Cedar Springs III will consist of another 48 turbines generating approximately 120 megawatts of energy.

During the construction period, the County will receive Impact Assistance payments through the State of Wyoming based on the determination of the Industrial Siting Council. The impact assistance payments for each project total:

Cedar Springs I:	\$2,185,640
Cedar Springs II:	\$ 93,796
Cedar Springs III:	\$ 187,593

Both projects are expected to be completed by the end of 2020.

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 20% of the total tax payment.

As of June 30, 2019, the County was required to pay back its share of \$621,837 in property taxes over the next four years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 20% of that total, or \$124,367.

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, 2019

	Primary Government		Component
	Governmental	Total	Units
	Activities		Total
ASSETS			
Cash and cash equivalents	\$ 24,336,438	\$ 24,336,438	\$ 8,415,490
Investments	28,529,241	28,529,241	2,656,269
Property and other taxes receivable, net	24,920,629	24,920,629	1,328,555
Accounts receivable	334,942	334,942	15,773,868
Due from other governments	3,629,819	3,629,819	81,274
Other current assets	-	-	885,062
Prepaid items	202,958	202,958	-
Inventory	-	-	2,296,760
Restricted cash and cash equivalents	290,994	290,994	4,224,107
Restricted investments, long-term	-	-	8,658,364
Notes receivable	372,323	372,323	-
Other assets, long-term	-	-	218,879
Beneficial interest in assets held by others	-	-	243,737
Capital assets not being depreciated	36,817,784	36,817,784	8,399,855
Capital assets being depreciated, net of accumulated depreciation	34,792,206	34,792,206	46,756,072
Total assets	<u>154,227,334</u>	<u>154,227,334</u>	<u>99,938,292</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	-	163,232
Pension plan items	4,847,421	4,847,421	305,158
Excess consideration from acquisition	-	-	1,500,000
Total deferred outflows of resources	<u>4,847,421</u>	<u>4,847,421</u>	<u>1,968,390</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,555,451	1,555,451	5,936,878
Cash held for others	290,994	290,994	-
Refundable advances	40,163	40,163	-
Noncurrent liabilities			
Due within one year	516,066	516,066	1,574,762
Due in more than one year	376,440	376,440	6,704,634
Net pension liability	11,090,438	11,090,438	1,254,161
Total liabilities	<u>13,869,552</u>	<u>13,869,552</u>	<u>15,470,435</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	24,689,386	24,689,386	1,273,899
Pension plan items	1,580,531	1,580,531	207,034
Unavailable revenue other	265,575	265,575	-
Total deferred inflows of resources	<u>26,535,492</u>	<u>26,535,492</u>	<u>1,480,933</u>
NET POSITION			
Net investment in capital assets	71,609,990	71,609,990	49,252,462
Restricted by			
State statutes (W.S. 24-2-110)	1,203,967	1,203,967	-
Grantors and others	579,970	579,970	-
Voters	-	-	6,663,174
Expendable	-	-	648,531
Nonexpendable	-	-	581,978
Unrestricted	45,275,784	45,275,784	27,809,169
Total net position	<u>\$ 118,669,711</u>	<u>\$ 118,669,711</u>	<u>\$ 84,955,314</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Function/Programs				
Primary government				
Governmental activities				
General government	\$ 11,603,581	\$ 1,800,870	\$ 207,872	\$ -
Public safety	10,422,028	50,431	1,137,886	263,932
Public works	8,966,593	-	125,132	50,234
Health, welfare, and recreation	870,171	124,950	284,482	-
Conservation of natural resources	145,443	-	-	-
Interest on long-term debt	2,482	-	-	-
Total governmental activities	<u>32,010,298</u>	<u>1,976,251</u>	<u>1,755,372</u>	<u>314,166</u>
Total primary government	<u>\$ 32,010,298</u>	<u>\$ 1,976,251</u>	<u>\$ 1,755,372</u>	<u>\$ 314,166</u>
Component units	<u>\$ 86,351,447</u>	<u>\$ 82,091,153</u>	<u>\$ 3,292,827</u>	<u>\$ 2,488,950</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>	
\$ (9,594,839)	\$ (9,594,839)	\$ -
(8,969,779)	(8,969,779)	-
(8,791,227)	(8,791,227)	-
(460,739)	(460,739)	-
(145,443)	(145,443)	-
(2,482)	(2,482)	-
<u>(27,964,509)</u>	<u>(27,964,509)</u>	<u>-</u>
<u>(27,964,509)</u>	<u>(27,964,509)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>1,521,483</u>
15,921,284	15,921,284	903,211
9,133,775	9,133,775	-
8,629,299	8,629,299	-
293,547	293,547	-
985,125	985,125	-
911,465	911,465	476,734
436,354	436,354	414,560
(7,935)	(7,935)	-
<u>36,302,914</u>	<u>36,302,914</u>	<u>1,794,505</u>
8,338,405	8,338,405	3,315,988
<u>111,371,307</u>	<u>111,371,307</u>	<u>81,639,326</u>
(1,040,001)	(1,040,001)	-
<u>110,331,306</u>	<u>110,331,306</u>	<u>81,639,326</u>
<u>\$ 118,669,711</u>	<u>\$ 118,669,711</u>	<u>\$ 84,955,314</u>

CONVERSE COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	County Roads Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 16,651,340	\$ 4,414,942	\$ 1,933,642
Investments	21,994,714	3,884,014	2,020,660
Property and other taxes receivable, net	24,920,063	-	-
Accounts receivable	109,001	-	-
Due from other governments	3,338,235	43,864	17,528
Due from other funds	110,181	-	-
Prepaid expense	69,472	-	-
Restricted cash	290,994	-	-
Note receivable	372,323	-	-
Total assets	<u>\$ 67,856,323</u>	<u>\$ 8,342,820</u>	<u>\$ 3,971,830</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 277,213	\$ 119,209	\$ 1,064,752
Due to other funds	1,920	13,473	-
Cash held for others	290,994	-	-
Refundable advances	-	-	-
Total liabilities	<u>570,127</u>	<u>132,682</u>	<u>1,064,752</u>
Deferred inflows of resources			
Unavailable property tax revenue	24,885,184	-	-
Unavailable other revenue	565,575	-	-
Total deferred inflows of resources	<u>25,450,759</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	69,472	-	-
Restricted			
Special revenue funds	-	-	-
County road construction	-	1,203,967	-
Committed			
Economic development	204,144	-	-
Justice Center	-	-	2,907,078
County road construction	-	7,006,171	-
Assigned	24,316,107	-	-
Unassigned	17,245,714	-	-
Total fund balances	<u>41,835,437</u>	<u>8,210,138</u>	<u>2,907,078</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,856,323</u>	<u>\$ 8,342,820</u>	<u>\$ 3,971,830</u>

See accompanying notes to the financial statements

Joint Justice Center Joint Powers Board	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 432,259	\$ 599,745	\$ 24,031,928
-	-	27,899,388
-	566	24,920,629
-	25,183	134,184
166,186	64,006	3,629,819
-	1,164	111,345
73,045	60,441	202,958
-	-	290,994
-	-	372,323
<u>\$ 671,490</u>	<u>\$ 751,105</u>	<u>\$ 81,593,568</u>
\$ 4,762	\$ -	\$ 1,465,936
-	95,952	111,345
-	-	290,994
-	40,163	40,163
<u>4,762</u>	<u>136,115</u>	<u>1,908,438</u>
-	566	24,885,750
240,000	-	805,575
<u>240,000</u>	<u>566</u>	<u>25,691,325</u>
73,045	60,441	202,958
-	579,970	579,970
-	-	1,203,967
-	-	204,144
353,683	-	3,260,761
-	-	7,006,171
-	50,856	24,366,963
-	(76,843)	17,168,871
<u>426,728</u>	<u>614,424</u>	<u>53,993,805</u>
<u>\$ 671,490</u>	<u>\$ 751,105</u>	<u>\$ 81,593,568</u>

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CONVERSE COUNTY, WYOMING

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

June 30, 2019

Total fund balances - governmental funds		\$ 53,993,805
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.		
		71,609,990
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 other revenue		540,000
Unavailable property tax revenue		196,364
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.		
		565,606
Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds.		
Pension plan items - deferred outflows of resources	\$ 4,847,421	
Pension plan items - deferred inflows of resources	<u>(1,580,531)</u>	3,266,890
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 repayment debt related to change in valuation	(74,620)	
Compensated absences	(337,886)	
Net pension liability	<u>(11,090,438)</u>	<u>(11,502,944)</u>
Net position of governmental activities		<u><u>\$ 118,669,711</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, 2019

	General Fund	County Roads Fund	Capital Projects Fund
Revenues			
Taxes	\$ 22,693,836	\$ -	\$ -
Licenses and permits	1,820,161	-	-
Intergovernmental revenues	11,804,657	480,765	280,696
Charges for services	156,090	-	-
Investment income	766,760	91,373	56,717
Miscellaneous revenues	300,079	-	-
Total revenues	<u>37,541,583</u>	<u>572,138</u>	<u>337,413</u>
Expenditures			
Current			
General government	10,905,575	-	-
Public safety	4,906,952	-	-
Public works	3,404,424	-	-
Health, welfare and recreation	497,245	-	-
Conservation of natural resources	144,323	-	-
Debt Service			
Principal	77,576	-	-
Interest	2,483	-	-
Capital outlay	1,350,173	3,326,294	931,123
Total expenditures	<u>21,288,751</u>	<u>3,326,294</u>	<u>931,123</u>
Excess (deficiency) of revenues over expenditures	<u>16,252,832</u>	<u>(2,754,156)</u>	<u>(593,710)</u>
Other financing sources (uses)			
Transfers in	6,300,000	2,717,646	60,531
Transfers out	(10,165,786)	-	-
Insurance proceeds	224,873	-	-
Total other financing sources (uses)	<u>(3,640,913)</u>	<u>2,717,646</u>	<u>60,531</u>
Net changes in fund balances	12,611,919	(36,510)	(533,179)
Fund balances, beginning of year	<u>29,226,935</u>	<u>8,246,648</u>	<u>4,435,137</u>
Prior period adjustment	(3,417)	-	(994,880)
Fund Balances, beginning of year, restated	<u>29,223,518</u>	<u>8,246,648</u>	<u>3,440,257</u>
Fund balances, end of year	<u>\$ 41,835,437</u>	<u>\$ 8,210,138</u>	<u>\$ 2,907,078</u>

See accompanying notes to the financial statements

Joint Justice Center Joint Powers Board	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ 45	\$ 22,693,881
-	-	1,820,161
914,334	486,993	13,967,445
-	-	156,090
-	2,201	917,051
784	11,526	312,389
<u>915,118</u>	<u>500,765</u>	<u>39,867,017</u>
-	119,478	11,025,053
1,278,831	325,489	6,511,272
-	-	3,404,424
-	79,653	576,898
-	-	144,323
-	-	77,576
-	-	2,483
466,318	72,973	6,146,881
<u>1,745,149</u>	<u>597,593</u>	<u>27,888,910</u>
<u>(830,031)</u>	<u>(96,828)</u>	<u>11,978,107</u>
1,085,691	1,918	10,165,786
-	-	(10,165,786)
-	-	224,873
<u>1,085,691</u>	<u>1,918</u>	<u>224,873</u>
255,660	(94,910)	12,202,980
171,068	751,038	42,079,788
-	(41,704)	(1,040,001)
171,068	709,334	41,790,825
<u>\$ 426,728</u>	<u>\$ 614,424</u>	<u>\$ 53,993,805</u>

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 12,202,980
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	\$ 6,163,777	
Loss on disposal of assets and adjustment for transfer of assets	(7,934)	
Adjustment related to the transfers of assets	(32,875)	
Depreciation expense for the year	<u>(7,282,337)</u>	(1,159,369)
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	(2,800,703)	
Deferred outflows - pension plan items - current year	4,847,421	
Deferred inflows - pension plan items - prior year	1,523,288	
Deferred inflows - pension plan items - current year	<u>(1,580,531)</u>	1,989,475
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	78,542	
Property tax debt related to change in valuation - current year	(74,620)	
Retainage payable - prior year	631,855	
Liability for capital leases - prior year	77,576	
Liability for compensated absences - prior year	295,815	
Liability for compensated absences - current year	(337,886)	
Net pension liability - prior year	6,218,493	
Net pension liability - current year	<u>(11,090,438)</u>	(4,200,663)
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.		
		(643,583)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable other revenue - prior year	(536,997)	
Unavailable other revenue - current year	540,000	
Difference in unavailable property tax revenue - prior year	(49,236)	
Difference in unavailable property tax revenue - current year	<u>195,798</u>	<u>149,565</u>
Change in net position of governmental activities		<u>\$ 8,338,405</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2019

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 304,510
Investments	629,853
Accounts receivable	200,758
Total assets	<u>1,135,121</u>
LIABILITIES	
Accounts payable	89,515
Incurred but not reported claims	480,000
Total liabilities	<u>569,515</u>
NET POSITION	
Unrestricted	565,606
Total net position	<u><u>\$ 565,606</u></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, 2019

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 2,592,823
Total operating revenues	<u>2,592,823</u>
Operating expenses	
Medical claims and fees	2,711,039
Stop loss insurance	539,510
Depreciation and amortization	-
Total operating expenses	<u>3,250,549</u>
Operating income	<u>(657,726)</u>
Nonoperating revenue	
Interest income	14,143
Total nonoperating revenue	<u>14,143</u>
Change in net position	(643,583)
Net position, beginning of year	<u>1,209,189</u>
Net position, end of year	<u><u>\$ 565,606</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2019

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from interfund services provided	\$ 2,592,823
Receipts from reinsurance	970,215
Payments to third party administrator for medical costs	(3,923,741)
Net cash and cash equivalents used in operating activities	(360,703)
Cash flows from investing activities	
Interest received	3,259
Net cash and cash equivalents provided by investing activities	3,259
Net decrease in cash and cash equivalents	(357,444)
Cash and cash equivalents, beginning of year	661,954
Cash and cash equivalents, end of year	\$ 304,510
Reconciliation of operating loss to net cash and cash equivalents used in operating activities	
Operating loss	\$ (657,726)
Adjustments to reconcile operating loss to cash and cash equivalents provided by operating activities	
Increase (decrease) in cash and cash equivalents resulting from	
Accounts receivable	(200,758)
Prepaid expense	50,661
Accounts payable	82,120
Claims payable	365,000
Net cash and cash equivalents used in operating activities	\$ (360,703)

See accompanying notes to the financial statements

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CONVERSE COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2019**

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,638,523
Property taxes receivable	920,781
Due from other governments	<u>225,190</u>
Total assets	<u><u>\$ 2,784,494</u></u>
LIABILITIES	
Due to other taxing units	<u>\$ 2,784,494</u>
Total liabilities	<u><u>\$ 2,784,494</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2019

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 76,208	\$ 5,634,743	\$ 1,431,144
Investments	405,287	2,193,317	-
Property taxes receivable	-	-	1,327,036
Accounts receivable, net	-	15,707,305	63,693
Due from other governments	81,274	-	-
Other current assets	1,354	883,708	-
Inventory	-	1,897,053	399,707
Restricted cash and cash equivalents	-	500,000	-
Restricted investments, long-term	30,000	5,201,824	-
Other assets, long-term	-	218,879	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	5,120,141	2,679,463	12,000
Capital assets being depreciated, net of accumulated depreciation	6,137,146	24,753,052	303,940
Total assets	<u>11,851,410</u>	<u>59,669,344</u>	<u>3,537,520</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance refunding reacquisition excess, net	-	163,232	-
Pension plan items	31,618	-	120,667
Excess consideration from acquisition	-	1,500,000	-
Total deferred outflows of resources	<u>31,618</u>	<u>1,663,232</u>	<u>120,667</u>
LIABILITIES			
Accounts payable and accrued liabilities	14,648	5,553,052	77,515
Noncurrent liabilities			
Due within one year	101,592	1,467,621	-
Due in more than one year	-	6,642,935	36,499
Net pension liability	92,254	-	333,779
Total liabilities	<u>208,494</u>	<u>13,663,608</u>	<u>447,793</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	-	-	1,273,899
Pension plan items	3,681	-	7,667
Total deferred inflows of resources	<u>3,681</u>	<u>-</u>	<u>1,281,566</u>
NET POSITION			
Net investment in capital assets	11,155,695	22,230,691	315,940
Restricted by donors, nonexpendable	-	-	-
Restricted by donors and others, expendable	30,000	551,624	6,635
Restricted by voters	-	-	-
Unrestricted	485,158	24,886,653	1,606,253
Total net position	<u>\$ 11,670,853</u>	<u>\$ 47,668,968</u>	<u>\$ 1,928,828</u>

See accompanying notes to the financial statements

County Library	County Fair	Total
\$ 1,208,349	\$ 65,046	\$ 8,415,490
57,665	-	2,656,269
1,519	-	1,328,555
2,870	-	15,773,868
-	-	81,274
-	-	885,062
-	-	2,296,760
3,724,107	-	4,224,107
3,426,540	-	8,658,364
-	-	218,879
243,737	-	243,737
588,251	-	8,399,855
15,561,934	-	46,756,072
<u>24,814,972</u>	<u>65,046</u>	<u>99,938,292</u>
-	-	163,232
152,873	-	305,158
-	-	1,500,000
<u>152,873</u>	<u>-</u>	<u>1,968,390</u>
291,663	-	5,936,878
5,549	-	1,574,762
25,200	-	6,704,634
828,128	-	1,254,161
<u>1,150,540</u>	<u>-</u>	<u>15,470,435</u>
-	-	1,273,899
195,686	-	207,034
<u>195,686</u>	<u>-</u>	<u>1,480,933</u>
15,550,136	-	49,252,462
581,978	-	581,978
60,272	-	648,531
6,663,174	-	6,663,174
766,059	65,046	27,809,169
<u>\$ 23,621,619</u>	<u>\$ 65,046</u>	<u>\$ 84,955,314</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2019

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 777,021	\$ 58,457	\$ 132,170	\$ 828,800
County Hospital	80,796,208	81,249,154	1,688,343	1,660,150
Weed and Pest Control District	2,672,683	774,247	-	-
County Library	2,046,458	9,295	1,403,614	-
County Fair	59,077	-	68,700	-
	\$ 86,351,447	\$ 82,091,153	\$ 3,292,827	\$ 2,488,950
		General Revenues		
		Property taxes		
		Unrestricted investment income		
		Miscellaneous		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Prior period adjustment		
		Net position, beginning of year, as restated		
		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
\$ 242,406	\$ -	\$ -	\$ -	\$ -	\$ 242,406
-	3,801,439	-	-	-	3,801,439
-	-	(1,898,436)	-	-	(1,898,436)
-	-	-	(633,549)	-	(633,549)
-	-	-	-	9,623	9,623
<u>242,406</u>	<u>3,801,439</u>	<u>(1,898,436)</u>	<u>(633,549)</u>	<u>9,623</u>	<u>1,511,860</u>
67	368	902,756	20	-	903,211
5,701	320,790	28,542	121,701	-	476,734
5,534	90,459	16,209	302,358	-	414,560
<u>11,302</u>	<u>411,617</u>	<u>947,507</u>	<u>424,079</u>	<u>-</u>	<u>1,794,505</u>
<u>253,708</u>	<u>4,213,056</u>	<u>(950,929)</u>	<u>(209,470)</u>	<u>9,623</u>	<u>3,315,988</u>
<u>11,417,145</u>	<u>41,669,162</u>	<u>2,879,757</u>	<u>23,831,089</u>	<u>55,423</u>	<u>79,852,576</u>
-	1,786,750	-	-	-	1,786,750
<u>11,417,145</u>	<u>43,455,912</u>	<u>2,879,757</u>	<u>23,831,089</u>	<u>55,423</u>	<u>81,639,326</u>
<u>\$ 11,670,853</u>	<u>\$ 47,668,968</u>	<u>\$ 1,928,828</u>	<u>\$ 23,621,619</u>	<u>\$ 65,046</u>	<u>\$ 84,955,314</u>

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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. 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, a component unit of the County Library, 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. The Hospital includes the financial data of its component unit, the Memorial Hospital of Converse County Foundation. 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, 2019

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

Discretely Presented Component Units (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 and receives donations from the public along with event fees. 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 Joint Justice Center Building is 74% funded by the County and 26% funded by the City of Douglas, cost of operations of the dispatch center are split between the County and the City of Douglas based on projected usages currently 50/50. Based on these activities, 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 and does not meet the criteria to be reported as a component unit of the County. During the fiscal year ended June 30, 2019, the County allocated \$964,116 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, 2019

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 *General 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, 2019

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, 2019

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 its 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, 2019, the allowance for uncollectible accounts was \$5,381,758. 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, 2019, was 28%, 8%, 11%, 25%, and 28% from Medicare, Medicaid, other, insurance, and patients, respectively.

Notes Receivable

The County has a note receivable from the Converse County Senior Services District in the amount of \$360,000. The note receivable will be repaid during the fiscal year ended June 30, 2020 from the mill levy established and approved in the general election in November 2018. The County also has a note receivable in the amount of \$12,323 due in monthly installments of \$278 including 4.5% interest maturing in November 2020.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 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 \$218,879. 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.

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

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. Property and equipment donated for the Memorial Hospital of Converse County are valued at their estimated fair value at the date of the gift.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 taxes. 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, 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, 2019

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, 2019, was 12 mills, which means that the County has levied to the maximum amount available. At June 30, 2019, the County recorded an allowance in the amount of \$1,343,769 related to the delinquent and new levy property taxes receivable.

The County's property tax receivable include wind taxes receivable of \$540,000.

Major Taxpayers

The County's ten largest taxpayers account for approximately 67% 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 27% of its total revenues from these taxpayers.

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, 2019

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.

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, 2019.

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, 2019

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, 2017.

For the fiscal year ended June 30, 2019, Memorial Hospital of Converse County's gross patient service revenue was \$123,660,712 which was adjusted for contractual discounts of \$45,825,702 and charity care of \$1,564,136 resulting in net patient service revenue of \$76,270,874.

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, 2019

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.

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, 2019, the fiduciary funds had bank balances of \$1,638,523 which were fully collateralized or insured.

As of June 30, 2019, the carrying amount of the County's bank deposits was \$25,972,782 and the bank balance was \$28,440,661. 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, 2019 include certificates of deposits of \$12,813,403 all of which were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2019, the carrying amount of the County Airport's bank deposits was \$76,208 and the bank balance was \$76,208. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2019 were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2019, the carrying amount of the County Hospital's bank deposits was \$12,423,347 and the bank balance was \$13,589,654. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2019 were covered by insurance or collateral held in joint custody with the financial institution.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2. Deposits and Investments (Continued)

As of June 30, 2019, the carrying amount of the Weed and Pest's bank deposits was \$1,431,144 and the bank balance was \$2,219,088. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2019 were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2019, the carrying amount of the County Library's bank deposits was \$3,627,247 and the bank balance was \$3,386,125. 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 \$200,607. All bank deposits at June 30, 2019 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2019, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less			Rating
			Than 1	1 - 5	6 - 10	
State Treasurer's Investment pools						
WYO-STAR	\$ 4,033,937	0.76%	\$ 4,033,937	\$ -	\$ -	Not rated
WGIF	6,446,774	1.75%	6,446,774	-	-	AAAm
Money market	11,139	.10% - 1.24%	11,139	-	-	N/A
Certificates of deposit	12,813,402	.60% - 2.8%	8,818,864	3,994,538	-	N/A
GSE notes	5,223,989	1% to 2.25%	-	5,223,989	-	AA+
Total	\$ 28,529,241		\$ 19,310,714	\$ 9,218,527	\$ -	

As of June 30, 2019, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Less			Rating
			Than 1	1 - 5	6 - 10	
Money market	\$ 98,526	1.24%	\$ 98,526	\$ -	\$ -	N/A
Certificates of deposit	9,622,963	1.25% - 2.80%	2,592,635	-	7,030,328	N/A
GSE notes	1,228,331	1.25% - 2.25%	299,190	929,141	-	AA+/Aaa
Mutual funds	364,813		364,813			
Total	\$ 11,314,633		\$ 2,990,351	\$ 929,141	\$ 7,030,328	

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, 2019

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 their cash balance as a percentage of the total cash balance of the pool. 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, 2019, the County had 45% of its investments in certificates of deposit, 23% in WGIF, 14% in WYOSTAR, and 18% in government sponsored enterprises. Of the certificates of deposit 88% are held at 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. While the County does not have a formal policy for custodial credit risk for investments, management believes the stability and reputation of these brokers and 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, 2019

Note 2. Deposits and Investments (Continued)

Fair Value of 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, 2019:

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, 2019			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 5,223,989	\$ -	\$ 5,223,989
WYO-STAR investment pool	-	4,033,937	-	4,033,937
Total investments at fair value	\$ -	\$ 9,257,926	\$ -	9,257,926

Other investments reported in the following classifications

Certificates of deposit	12,813,402
Money market funds - WGIF	6,446,774
Money market funds - other	11,139
Total primary government investments	\$ 28,529,241

Component unit Investments

	Investments at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 1,228,331	\$ -	\$ 1,228,331
Mutual funds	364,813	-	-	364,813
Total investments at fair value	\$ 364,813	\$ 1,228,331	\$ -	1,593,144

Other investments reported in the following classifications

Certificates of deposit	9,622,963
Money market funds	98,526
Total component unit investments	\$ 11,314,633

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 3. Interfund Balances and Transfers

Interfund and intra-entity receivables and payables at June 30, 2019 are as follows:

	Receivable	Payable
General Fund	\$ 110,181	\$ 1,920
County Roads Fund	-	13,473
Non Major Funds		
TANF Grant	1,164	-
Other Grants	-	1,164
HAHR Grant	-	12,499
MCH Grant	-	9,316
Impact Assistance Grant	-	72,973
	\$ 111,345	\$ 111,345

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	\$ 6,300,000	\$ 10,165,786
County Roads Fund	2,717,646	-
Capital Projects Fund	60,531	-
Joint Justice Center Joint Powers Board	1,085,691	-
Nonmajor Special Revenue Fund	1,918	-
	\$ 10,165,786	\$ 10,165,786

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 \$9,487 during the year ended June 30, 2019. 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 \$243,737 as of June 30, 2019.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 1,681,317	\$ -	\$ -	\$ -	\$ 1,681,317
Construction in progress	30,793,667	4,342,800	-	-	35,136,467
Total capital assets, not being depreciated	<u>32,474,984</u>	<u>4,342,800</u>	<u>-</u>	<u>-</u>	<u>36,817,784</u>
Capital assets being depreciated					
Infrastructure	80,904,561	-	-	70,756	80,975,317
Buildings and building improvements	7,107,267	-	34,872	(737,403)	6,334,992
Machinery, equipment, and office fixtures	13,405,229	1,820,977	141,492	1,334,925	16,419,639
Total capital assets being depreciated	<u>101,417,057</u>	<u>1,820,977</u>	<u>176,364</u>	<u>668,278</u>	<u>103,729,948</u>
Less accumulated depreciation for					
Infrastructure	49,198,881	4,841,457	-	23,792	54,064,130
Buildings and building improvements	4,185,350	992,792	34,872	(145,284)	4,997,986
Machinery, equipment, and office fixtures	7,738,451	1,448,088	133,558	822,645	9,875,626
Total accumulated depreciation	<u>61,122,682</u>	<u>7,282,337</u>	<u>168,430</u>	<u>701,153</u>	<u>68,937,742</u>
Total capital assets being depreciated, net	<u>40,294,375</u>	<u>(5,461,360)</u>	<u>7,934</u>	<u>(32,875)</u>	<u>34,792,206</u>
Governmental activities, capital assets, net	<u>\$ 72,769,359</u>	<u>\$ (1,118,560)</u>	<u>\$ 176,364</u>	<u>\$ (32,875)</u>	<u>\$ 71,609,990</u>

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

Governmental activities	
General government	\$ 173,321
Public safety	910,687
Public works	602,142
Health, welfare, and recreation	1,213
Conservation of natural resources	5,594,974
Total depreciation expense - governmental activities	<u>\$ 7,282,337</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2019, 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	1,360,213	1,018,867	-	2,379,080
Total capital assets not being depreciated	<u>4,101,274</u>	<u>1,018,867</u>	<u>-</u>	<u>5,120,141</u>
Capital assets being depreciated				
Improvements other than buildings	16,450,956	-	7,067	16,443,889
Buildings, building improvements and runways	541,812	-	-	541,812
Machinery, equipment and office fixtures	126,837	-	-	126,837
Total capital assets being depreciated	<u>17,119,605</u>	<u>-</u>	<u>7,067</u>	<u>17,112,538</u>
Less accumulated depreciation	<u>10,424,782</u>	<u>557,677</u>	<u>7,067</u>	<u>10,975,392</u>
Total capital assets being depreciated, net	<u>6,694,823</u>	<u>(557,677)</u>	<u>-</u>	<u>6,137,146</u>
Capital assets, net	<u>\$ 10,796,097</u>	<u>\$ 461,190</u>	<u>\$ -</u>	<u>\$ 11,257,287</u>

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2019, 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	357,637	-	-	357,637
Machinery, equipment and office fixtures	415,351	10,280	25,033	400,598
Total capital assets being depreciated, net	<u>772,988</u>	<u>10,280</u>	<u>25,033</u>	<u>758,235</u>
Less accumulated depreciation	<u>430,354</u>	<u>46,427</u>	<u>22,486</u>	<u>454,295</u>
Total capital assets being depreciated, net	<u>342,634</u>	<u>(36,147)</u>	<u>2,547</u>	<u>303,940</u>
Capital assets, net	<u>\$ 354,634</u>	<u>\$ (36,147)</u>	<u>\$ 2,547</u>	<u>\$ 315,940</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Library for the year ended June 30, 2019, 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	435,638	-	487,651
Total capital assets, not being depreciated	152,613	435,638	-	588,251
Capital assets being depreciated				
Buildings and building improvements	16,331,354	-	-	16,331,354
Machinery, equipment and office fixtures	518,079	-	-	518,079
Collection	528,295	67,629	-	595,924
Total capital assets being depreciated	17,377,728	67,629	-	17,445,357
Less accumulated depreciation	1,391,102	492,321	-	1,883,423
Total capital assets being depreciated, net	15,986,626	(424,692)	-	15,561,934
Capital assets, net	<u>\$ 16,139,239</u>	<u>\$ 10,946</u>	<u>\$ -</u>	<u>\$ 16,150,185</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, 2019, 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	1,264,189	1,442,729	1,431,411	1,275,507
Total capital assets, not being depreciated	2,668,145	1,442,729	1,431,411	2,679,463
Capital assets being depreciated				
Improvements other than buildings	77,469	-	-	77,469
Building	37,175,128	1,762,459	168,483	38,769,104
Equipment	31,356,864	2,559,521	1,752,028	32,164,357
Total capital assets being depreciated, net	68,609,461	4,321,980	1,920,511	71,010,930
Less accumulated depreciation	44,464,503	3,554,934	1,761,559	46,257,878
Total capital assets being depreciated, net	24,144,958	767,046	158,952	24,753,052
Capital assets, net	<u>\$ 26,813,103</u>	<u>\$ 2,209,775</u>	<u>\$ 1,590,363</u>	<u>\$ 27,432,515</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$42,463,301 at June 30, 2019. 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, 2019:

	Balance June 30, 2018	New Debt Incurred	Debt Retired	Balance June 30, 2019	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 78,542	\$ 18,171	\$ 22,093	\$ 74,620	\$ 20,678
Retainage	631,855	-	631,855	-	-
Capital leases	77,576	-	77,576	-	-
Incurred but not reported claims payable	115,000	480,000	115,000	480,000	480,000
Compensated absences	295,815	42,071	-	337,886	15,388
	<u>1,198,788</u>	<u>540,242</u>	<u>846,524</u>	<u>892,506</u>	<u>516,066</u>
Net pension liability	<u>6,218,493</u>	<u>4,871,945</u>	<u>-</u>	<u>11,090,438</u>	<u>-</u>
	<u>\$ 7,417,281</u>	<u>\$ 5,412,187</u>	<u>\$ 846,524</u>	<u>\$ 11,982,944</u>	<u>\$ 516,066</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	\$ 6,029,970	\$ 1,000,000	\$ 828,146	\$ 6,201,824	\$ 1,276,748
Retainage	611,273	101,592	611,273	101,592	101,592
Capital leases	258,616	-	246,818	11,798	5,549
Compensated absences	1,601,655	2,746,026	2,383,499	1,964,182	190,873
	<u>8,501,514</u>	<u>3,847,618</u>	<u>4,069,736</u>	<u>8,279,396</u>	<u>1,574,762</u>
Net pension liability	<u>932,979</u>	<u>346,851</u>	<u>25,669</u>	<u>1,254,161</u>	<u>-</u>
	<u>\$ 9,434,493</u>	<u>\$ 4,194,469</u>	<u>\$ 4,095,405</u>	<u>\$ 9,533,557</u>	<u>\$ 1,574,762</u>

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-term Debt (Continued)

Property Tax Repayment (Continued)

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, 2019, the County was required to pay back its portion of \$621,837 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 \$74,620.

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

Year Ending June 30,		
2020	\$	20,678
2021		19,964
2022		18,942
2023		13,564
2024		1,472
	\$	74,620

Capital Leases - 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 \$5,500,000 in certificates of deposit as collateral on the notes payable. The Hospital acquired a neurological practice in March 2019 incurring a note payable in the amount of \$1,000,000 with interest at prime +2% or 7.5%, payable in two annual payments of \$500,000 plus interest and matures March 2021.

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

Year ending June 30,	Principal	Interest	Total
2019	\$ 1,276,748	\$ 223,252	\$ 1,500,000
2020	1,450,683	167,442	1,618,125
2021	900,980	99,020	1,000,000
2022	926,658	73,342	1,000,000
2023	953,067	46,933	1,000,000
2024	693,688	19,824	713,512
	\$ 6,201,824	\$ 629,813	\$ 6,831,637

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-term Debt (Continued)

Capital Leases - 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.

	\$ 11,798
	\$ 11,798

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,	
2020	\$ 6,660
2021	6,660
Total minimum lease payments	13,320
Less: amount representing interest	1,522
Present value of minimum lease payments	\$ 11,798

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, 2019, 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, 2019

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 8.50% of their annual covered salary and the County is required to contribute 8.62 % 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, 2019, 2018 and 2017 were \$701,257, \$614,441, and \$616,495, equal to the required contributions for each year. As of July 1, 2019, the required employer contribution rate will increase by 0.25% from 8.62% to 8.87% and the required employee contribution rate will increase by 0.25% from 8.50% to 8.75%.

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, 2019, 2018, and 2017 were \$32,250, \$29,980, \$25,829, equal to the required contributions for the year. The Library's contributions to PEPP for the years ended June 30, 2019, 2018, and 2017 were \$81,470, \$89,007, and \$84,281 equal to the required contributions for the year. The Airport's contributions to PEPP for the years ended June 30, 2019 and 2018 and 2017 were \$9,600, \$8,000, and \$8,200, 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, 2019

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 officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

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

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, 2019, 2018, and 2017 were \$507,982, \$454,758, \$409,850, 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, 2019, the County reported a total liability of \$8,371,403 for its proportionate share of the net pension liability. The County's component units: Library, Weed and Pest, and Airport reported: \$828,128, \$333,779, and \$92,254, respectively, for their proportionate share on the net pension liability. The net pension liability for the Public Employee Plan and the Law Enforcement Plan is calculated using a discount rate of 7.00% and 5.92%, respectively, which is the expected rate of return on investments reduced by investment expenses. 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, 2018 is based on the results of an actuarial valuation as of January 1, 2018, rolled forward to a measurement date of December 31, 2018 and taking into consideration information from the recent experience study.

The schedule below shows the County's proportionate share of the net pension liability at June 30, 2019, the proportionate portion at the measurement date of December 31, 2018, and the change in the proportion from the previous measurement date.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 June 30, 2019	Proportion at December 31, 2018	Increase (decrease) from December 31, 2017
County			
Public Employees' Pension Plan	\$ 6,708,083	0.220277244%	0.008712089%
County - Sheriff			
Law Enforcement Pension Plan	\$ 4,382,355	1.810349612%	0.187697089%
Public Employees' Pension Plan			
Library	\$ 828,128	0.027193712%	-0.001615864%
Weed and Pest	\$ 333,779	0.010900000%	0.001600%
Airport	\$ 92,254	0.003029400%	0.000254500%

For the year ended June 30, 2019, the County and its component units the Library, Weed and Pest, and Airport recognized pension expense of \$4,116,159, \$395,094, \$72,044, and \$25,700, respectively.

At June 30, 2019, 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	\$ 1,594,296	\$ (590,163)	\$ 152,443	\$ (804,175)	\$ 1,746,739	\$ (1,394,338)
Difference due to changes in assumptions	321,896	-	1,814,416	-	2,136,312	-
Difference between actual and expected experience rate	-	(161,485)	4,853	(190,011)	4,853	(351,496)
Change in employer's proportion	231,014	-	125,158	165,303	356,172	165,303
Amortizing deferred outflows and deferred inflows	2,147,206	(751,648)	2,096,870	(828,883)	4,244,076	(1,580,531)
Contributions subsequent to the measurement date	348,802	-	254,543	-	603,345	-
Total	\$ 2,496,008	\$ (751,648)	\$ 2,351,413	\$ (828,883)	\$ 4,847,421	\$ (1,580,531)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$701,257 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, 2012. 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
2020	\$ 808,371	\$ 723,674	\$ 1,532,045
2021	547,060	582,708	1,129,768
2022	457,737	790,488	1,248,225
2023	334,038	-	334,038
	<u>\$ 2,147,206</u>	<u>\$ 2,096,870</u>	<u>\$ 4,244,076</u>

Year ended June 30,	Deferred Inflows		
	PEPP	LEPP	Total
2020	\$ (275,185)	\$ (327,247)	\$ (602,432)
2021	(255,094)	(325,793)	(580,887)
2022	(221,369)	(175,843)	(397,212)
	<u>\$ (751,648)</u>	<u>\$ (828,883)</u>	<u>\$ (1,580,531)</u>

The County's component units: Library, Weed and Pest, and Airport reported \$40,545, \$16,330, and \$2,426, 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:

County Library	Deferred Outflows	Deferred (Inflows)
Net difference between project and actual earnings on pension plan investments	\$ 30,946	\$ (156,222)
Difference due to changes in assumption	43,834	-
Difference between actual and expected experience rate	-	(20,819)
Change in employer's proportion	37,548	(18,645)
Amortizing deferred outflows and deferred inflows	<u>112,328</u>	<u>(195,686)</u>
Contributions subsequent to the measurement date	40,545	-
Total	<u>\$ 152,873</u>	<u>\$ (195,686)</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 Control District	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ 51,663	\$ -
Difference between actual and expected experience rate	-	(7,667)
Change in employer's proportion	38,452	
Difference due to changes in assumption	14,222	-
Amortizing deferred outflows and deferred inflows	104,337	(7,667)
Contributions subsequent to the measurement date	16,330	-
Total	\$ 120,667	\$ (7,667)

County Airport	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ 12,817	\$ -
Difference between actual and expected experience rate	-	(2,217)
Change in employer's proportion	12,153	(1,464)
Difference due to changes in assumption	4,222	-
Amortizing deferred outflows and deferred inflows	29,192	(3,681)
Contributions subsequent to the measurement date	2,426	-
Total	\$ 31,618	\$ (3,681)

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)	
2020	\$ 72,230	\$ (71,065)	\$ 34,302	\$ (3,426)	\$ 13,616	\$ (920)
2021	33,870	(68,500)	25,543	(2,595)	5,712	(920)
2022	6,228	(55,654)	20,517	(1,576)	4,293	(920)
2023	-	(467)	23,975	(70)	5,571	(921)
	\$ 112,328	\$ (195,686)	\$ 104,337	\$ (7,667)	\$ 29,192	\$ (3,681)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Actuarial Assumptions

The total pension liability in the December 31, 2018 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, 2018
Actuarial cost method	Entry Age Normal
Inflation	2.25%
Salary increases	4.75% to 8.75%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment net rate of return	7.00%, net of pension plan investment expense
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a 100% multiplier Females: No set back with a 88% multiplier
Pre-Retirement Mortality	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a 100% multiplier Females: No set back with a 100% 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 completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long term rates for inflation and the real rate of return. The assumed rate of investment return of 7% (composed of an assumed 2.25% inflation rate and a 4.75% net real rate of return) 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 for fiscal year 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%	0.30%	0.30%
Fixed income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable alternatives	19.00%	3.10%	3.50%
Private markets	12.00%	5.20%	7.00%
Total	100.00%	4.40%	5.50%

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Discount Rate

The discount rate used to measure the Public Employees Plan and the Law Enforcement Plan total pension liability was 7.00 percent and 5.92 percent, respectively. 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	\$ 9,303,207	\$ 6,708,083	\$ 4,542,476
Component Units			
Library	\$ 1,148,501	\$ 828,128	\$ 560,779
Weed and Pest	\$ 462,907	\$ 333,779	\$ 226,023
Airport	\$ 127,944	\$ 92,254	\$ 62,471
Pension Plan	(4.92)%	(5.92)%	(6.92)%
Law Enforcement Pension Plan	\$ 6,598,032	\$ 4,382,355	\$ 2,586,094

Payables to the pension plan – At June 30, 2019, 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, 2019

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	\$ 19,503,146
Equipment reserve	3,159,597
Salary reserve	1,569,552
Loans reserve	83,812
	<u>\$ 24,316,107</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 approved contracts for imagery of Converse County in the amount of \$199,813 of which \$55,000 will be reimbursed by other participating entities and for Virden Hill erosion control in the amount of \$768,150.

The Joint Justice Center Joint Powers Board entered into a contract with Spillman Technologies, Inc. for the purchase and installation of software and services, as well as third party hardware, software, and services for the Joint Communications Center dispatch service in the amount of \$1,594,866. Certain costs of this project will be split between the County, the Town of Douglas, and the Town of Glenrock. As of June 30, 2019 only the initial \$400,000 due at contract signing has been paid to Spillman Technologies, Inc. and is reported a construction in progress as of June 30, 2019. The County has recorded deferred revenue in the amount of \$240,000 related to the payments received from the Towns of Douglas and Glenrock for this contract.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$69,972.

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

In addition, the County purchases commercial insurance to cover its property and automobile liability. Premiums paid for this coverage by the County totaled approximately \$43,814.

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 2019 was approximately \$117,303.

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 2019 and 2018 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2019	2018
Unpaid claims, beginning of year	\$ 1,900	\$ 2,025
Claims incurred	4,693	8,407
Claims paid	(4,750)	(8,532)
Unpaid claims, end of year	\$ 1,843	\$ 1,900

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 \$539,510. 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 11. Risk Management Programs (Continued)

Changes in the County's health care risk management liability during the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Incurring but not reported claims payable, beginning of year	\$ 115,000	\$ 290,000
Claims incurred	2,700,002	1,380,941
Claims paid	(2,335,002)	(1,555,941)
Incurring but not reported claims payable, end of year	\$ 480,000	\$ 115,000

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

There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2019.

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 \$3,033,705 and the estimate of incurred but not reported claims was \$480,000.

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 \$7,200.

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, 2019, the County received \$456,476 from the City of Douglas as its share of the construction costs of the Converse County Joint Justice Center. Additionally, the County received \$828,171 from the City of Douglas as its share of the operations and communications cost of the Joint Justice Center and \$160,000 from the Town of Glenrock as a contribution for communication software.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

During the fiscal year ended June 30, 2018, the County provided \$132,170, \$1,875,000, and \$1,344,939, in support to the Converse County Airport, Memorial Hospital of Converse County, and Converse County Library, respectively.

The Airport's manager is the owner of a company which leases hangar and office space from the Converse County Airport Board. Total rent received for the year ended June 30, 2019 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, 2019, Memorial Hospital of Converse County paid Big County Rehabilitation, LLC approximately \$472,613 for professional services rendered.

Converse County Hospital Foundation, Inc. is a component unit of the Hospital as described in Note 1. During the year, the Hospital paid wages and other expenses of the Foundation in the amount of \$66,743. The Hospital received funding from the Foundation in the amount of \$1,410,150.

Note 13. Deficit Fund Balances

The County's Maternal Child and Impact Assistance funds had deficit fund balances at June 30, 2019. As of June 30, 2019, the County did not transfer funds to these 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, 2019, the County discovered that the payment from the City of Douglas for its share of the Joint Justice Center's construction costs was recognized as revenue in the fiscal 2018. After reconciliations of the construction costs of the Joint Justice Center, the County determined that the payment from the City of Douglas should not have been recognized as revenue and will be refunded to the City of Douglas. This adjustment was \$1,040,001 and should have been recorded as an accounts payable at June 30, 2018. The capital projects' fund balance originally stated at \$4,435,137 decreased to \$3,440,257. The primary government net position originally stated at June 30, 2018 at \$111,331,306 decreased to \$110,331,306.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 15. Issued Standards Not Yet Implemented (Continued)

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.

Note 16. Subsequent Events

Subsequent to June 30, 2019, the County awarded the following projects:

- Chip and seal project in the final amount of \$1,037,499
- Road and bridge shop in the amount of \$225,187
- Contract with Boy's and Girl's Club of Douglas for \$500,000 to be reimbursed in 2020
- Amendment of the contract for imagery of Converse County from \$199,813 to \$308,201. A portion of this cost will be reimbursed to the County by other entities participating in the project
- Design services for the Converse County Courts, Phase II, in the amount of \$2,260,203 with options for the Detention Center Inmate Housing in the amount of \$259,774, and detached Public Defender Building in the amount of \$83,850.

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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, 2019

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Tax - property	\$ 17,036,799	\$ 17,078,560	\$ 16,908,292	\$ (170,268)
Tax - other	6,948,000	6,948,000	15,273,284	8,325,284
Intergovernmental revenues	525,500	525,500	390,371	(135,129)
Charges for services	833,150	833,623	1,918,256	1,084,633
Investment income	98,800	98,800	910,051	811,251
Economic development	700	700	1,567	867
Miscellaneous revenues	1,014,000	1,014,000	1,461,792	447,792
Total revenues	26,456,949	26,499,183	36,863,613	10,364,430
Expenditures				
Current				
County Commissioners	400,327	400,327	391,190	9,137
County Clerk	684,426	684,426	649,462	34,964
County Treasurer	543,458	543,458	540,445	3,013
County Assessor	740,029	740,029	677,379	62,650
County Sheriff	2,339,114	2,339,114	2,200,120	138,994
County Attorney	1,208,735	1,208,735	1,174,116	34,619
Courthouse/Maintenance	593,882	593,882	375,871	218,011
County Surveyor	108,624	108,624	99,821	8,803
County Coroner	73,903	73,903	73,261	642
Agricultural agents	159,687	159,687	140,251	19,436
Clerk of District Court	591,940	591,940	551,867	40,073
County jail	2,731,219	2,731,219	2,489,896	241,323
Road and bridge	3,594,940	3,594,940	3,371,508	223,432
Elections	177,273	177,273	160,365	16,908
Emergency management	238,394	238,394	230,999	7,395
IT	193,582	193,582	187,302	6,280
Health	304,626	304,626	275,976	28,650
Parks and recreation	292,170	292,170	182,059	110,111
Special projects	57,566	57,566	47,097	10,469
Total County departments	15,033,895	15,033,895	13,818,985	1,214,910

(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, 2019

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General accounts	\$ 4,524,729	\$ 4,524,729	\$ 4,144,730	\$ 379,999
Community aid	621,000	621,000	963,522	(342,522)
Fire departments	974,815	974,815	982,793	(7,978)
Depreciation reserve	1,212,094	1,212,094	1,428,899	(216,805)
Total other expenditures	<u>7,332,638</u>	<u>7,332,638</u>	<u>7,519,944</u>	<u>(187,306)</u>
Total general fund	<u>22,366,533</u>	<u>22,366,533</u>	<u>21,338,929</u>	<u>1,027,604</u>
Building/maintenance reserve	3,000,000	3,000,000	1,333	2,998,667
Equipment reserve	3,347,796	3,347,796	-	3,347,796
Salary reserve	1,539,893	1,539,893	247,764	1,292,129
Economic development	200,000	200,000	-	200,000
Total other funds included with the general fund for financial for reporting	<u>8,087,689</u>	<u>8,087,689</u>	<u>249,097</u>	<u>7,838,592</u>
Total expenditures	<u>30,454,222</u>	<u>30,454,222</u>	<u>21,588,026</u>	<u>8,866,196</u>
Excess (deficiency) of revenues over expenditures	<u>(3,997,273)</u>	<u>(3,955,039)</u>	<u>15,275,587</u>	<u>19,230,626</u>
Other financing uses				
Transfers in - equipment reserve	6,300,000	6,300,000	6,300,000	-
Transfers out	<u>(10,165,786)</u>	<u>(10,165,786)</u>	<u>(10,165,786)</u>	<u>-</u>
Total other financing uses	<u>(3,865,786)</u>	<u>(3,865,786)</u>	<u>(3,865,786)</u>	<u>-</u>
Net change in fund balance	<u>(7,863,059)</u>	<u>(7,820,825)</u>	<u>11,409,801</u>	<u>\$ 19,230,626</u>
Fund balance, beginning of year	<u>27,428,044</u>	<u>27,428,044</u>	<u>27,428,044</u>	
Fund balance, end of year	<u>\$ 19,564,985</u>	<u>\$ 19,607,219</u>	<u>\$ 38,837,845</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, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ (878,925)	\$ (878,925)	\$ 910,036	\$ 1,788,961
Miscellaneous income	2,000	2,000	160,784	158,784
	<u>(876,925)</u>	<u>(876,925)</u>	<u>1,070,820</u>	<u>1,947,745</u>
Expenditures				
Public safety	1,757,850	1,757,850	1,814,099	(56,249)
Total expenditures	<u>1,757,850</u>	<u>1,757,850</u>	<u>1,814,099</u>	<u>(56,249)</u>
Deficiency of revenues over expenditures	<u>(2,634,775)</u>	<u>(2,634,775)</u>	<u>(743,279)</u>	<u>1,891,496</u>
Other financing sources				
Transfers in	878,925	878,925	1,085,691	206,766
Total other financing sources	<u>878,925</u>	<u>878,925</u>	<u>1,085,691</u>	<u>206,766</u>
Net change in fund balance	(1,755,850)	(1,755,850)	342,412	<u>\$ 1,684,730</u>
Fund balance, beginning of year	<u>89,847</u>	<u>89,847</u>	<u>89,847</u>	
Fund balance, end of year	<u>\$ (1,666,003)</u>	<u>\$ (1,666,003)</u>	<u>\$ 432,259</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)

	2019	2018	2017
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.220277244%	0.211565155%	0.206237500%
Proportionate share of the net pension liability	\$ 6,708,083	\$ 4,822,290	\$ 4,985,792
Covered payroll	\$ 3,835,808	\$ 3,758,196	\$ 3,677,019
Proportionate share of the net pension liability as a percentage of its covered payroll	174.88%	128.31%	135.59%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.810349612%	1.622652523%	1.495636600%
Proportionate share of the net pension liability	\$ 4,382,355	\$ 1,396,203	\$ 1,129,085
Covered payroll	\$ 2,749,897	\$ 2,491,536	\$ 2,314,934
Proportionate share of the net pension liability as a percentage of its covered payroll	159.36%	56.04%	48.77%
Plan fiduciary net position as a percentage of the total pension liability	71.22%	87.99%	88.11%
Public Employees Pension Plan - Component Units			
County Library			
Proportion of the net pension liability	0.027193712%	0.028809576%	0.026330700%
Proportionate share of the net pension liability	\$ 828,128	\$ 656,669	\$ 636,545
Covered payroll	\$ 473,539	\$ 511,767	\$ 469,451
Proportionate share of the net pension liability as a percentage of its covered payroll	174.88%	128.31%	135.59%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%
Weed and Pest Control District			
Proportion of the net pension liability	0.010900000%	0.009300000%	0.008500000%
Proportionate share of the net pension liability	\$ 333,779	\$ 213,061	\$ 206,106
Covered payroll	\$ 190,862	\$ 166,052	\$ 152,007
Proportionate share of the net pension liability as a percentage of its covered payroll	174.88%	128.31%	135.59%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%
County Airport			
Proportion of the net pension liability	0.003029400%	0.002774900%	0.002780300%
Proportionate share of the net pension liability	\$ 92,254	\$ 63,249	\$ 67,214
Covered payroll	\$ 52,753	\$ 49,294	\$ 49,572
Proportionate share of the net pension liability as a percentage of its covered payroll	174.88%	128.31%	135.59%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%

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

2016	2015	2014	2013	2012	2011	2010
0.198163118%	0.186178840%	*	*	*	*	*
\$ 4,615,908	\$ 3,285,484	*	*	*	*	*
\$ 3,456,111	\$ 3,182,564	*	*	*	*	*
133.56%	103.23%	*	*	*	*	*
73.40%	79.08%	*	*	*	*	*
1.457628033%	1.377891923%	*	*	*	*	*
\$ 1,094,696	\$ 405,977	*	*	*	*	*
\$ 2,192,269	\$ 2,036,398	*	*	*	*	*
49.95%	19.94%	*	*	*	*	*
87.49%	94.76%	*	*	*	*	*
0.023557055%	0.026475595%	*	*	*	*	*
\$ 548,726	\$ 467,213	*	*	*	*	*
\$ 410,852	\$ 452,577	*	*	*	*	*
133.56%	103.23%	*	*	*	*	*
73.40%	79.08%	*	*	*	*	*
0.008697388%	0.009060781%	*	*	*	*	*
\$ 202,592	\$ 159,895	*	*	*	*	*
\$ 151,689	\$ 154,892	*	*	*	*	*
133.56%	103.23%	*	*	*	*	*
73.40%	79.08%	*	*	*	*	*
0.001547517%	N/A	N/A	N/A	N/A	N/A	N/A
\$ 36,047	N/A	N/A	N/A	N/A	N/A	N/A
\$ 26,989	N/A	N/A	N/A	N/A	N/A	N/A
133.56%	N/A	N/A	N/A	N/A	N/A	N/A
73.40%	N/A	N/A	N/A	N/A	N/A	N/A

CONVERSE COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Fiscal Years
(Unaudited)

	2019	2018	2017
	<u> </u>	<u> </u>	<u> </u>
Public Employees Pension Plan - County			
Contractually required contribution	\$ 701,257	\$ 614,441	\$ 616,495
Contributions in relations to the contractually required contributions	<u>(701,257)</u>	<u>(614,441)</u>	<u>(616,495)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,835,808	\$ 3,758,196	\$ 3,709,356
Contributions as a percentage of employee payroll	17.12%	16.62%	16.62%
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 511,984	\$ 454,758	\$ 409,850
Contributions in relations to the contractually required contributions	<u>(511,984)</u>	<u>(454,758)</u>	<u>(409,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,749,897	\$ 2,491,536	\$ 2,382,849
Contributions as a percentage of employee payroll	17.20%	17.20%	17.20%
Public Employees Pension Plan - Component Units			
County Library			
Contractually required contribution	\$ 91,872	\$ 89,007	\$ 84,281
Contributions in relations to the contractually required contributions	<u>(91,872)</u>	<u>(89,007)</u>	<u>(84,281)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 473,539	\$ 511,767	\$ 507,106
Contributions as a percentage of employee payroll	17.12%	16.62%	16.62%
Weed and Pest Control District			
Contractually required contribution	\$ 32,500	\$ 29,980	\$ 25,829
Contributions in relations to the contractually required contributions	<u>(32,500)</u>	<u>(29,980)</u>	<u>(25,829)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 195,548	\$ 180,385	\$ 155,409
Contributions as a percentage of employee payroll	16.62%	16.62%	16.62%
County Airport			
Contractually required contribution	\$ 9,600	\$ 8,000	\$ 8,200
Contributions in relations to the contractually required contributions	<u>(9,600)</u>	<u>(8,000)</u>	<u>(8,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 57,762	\$ 48,135	\$ 49,338
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

2016	2015	2014	2013	2012	2011	2010
\$ 617,692	\$ 536,609	*	*	*	*	*
(617,692)	(536,609)	*	*	*	*	*
\$ -	\$ -	*	*	*	*	*
\$ 3,716,558	\$ 3,381,279	*	*	*	*	*
16.62%	15.87%	*	*	*	*	*
\$ 402,167	\$ 357,763	*	*	*	*	*
(402,167)	(357,763)	*	*	*	*	*
\$ -	\$ -	*	*	*	*	*
\$ 2,338,180	\$ 2,080,017	*	*	*	*	*
17.20%	17.20%	*	*	*	*	*
\$ 70,380	\$ 71,078	*	*	*	*	*
(70,380)	(71,078)	*	*	*	*	*
\$ -	\$ -	*	*	*	*	*
\$ 423,466	\$ 447,876	*	*	*	*	*
16.62%	15.87%	*	*	*	*	*
\$ 25,081	\$ 25,321	*	*	*	*	*
(25,081)	(25,321)	*	*	*	*	*
\$ -	\$ -	*	*	*	*	*
\$ 150,909	\$ 159,553	*	*	*	*	*
16.62%	15.87%	*	*	*	*	*
\$ 8,800	N/A	N/A	N/A	N/A	N/A	N/A
(8,800)	N/A	N/A	N/A	N/A	N/A	N/A
\$ -	N/A	N/A	N/A	N/A	N/A	N/A
\$ 52,948	N/A	N/A	N/A	N/A	N/A	N/A
16.62%	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	\$ 22,693,836	\$ (382,765)	\$ (22,311,071)	\$ -
Tax - property	-	-	16,908,292	16,908,292
Tax - other	-	-	15,273,284	15,273,284
Licenses and permits	1,820,161	(36,266)	(1,783,895)	-
Intergovernmental	11,804,657	(582,819)	(10,831,467)	390,371
Charges for services	156,090	5,670	1,756,496	1,918,256
Investment income	766,760	143,291	-	910,051
Economic development	-	-	1,567	1,567
Miscellaneous revenues	300,079	(49,954)	1,211,667	1,461,792
	<u>\$ 37,541,583</u>	<u>\$ (902,843)</u>	<u>\$ 224,873</u>	<u>\$ 36,863,613</u>
Expenditures				
General government	\$ 10,905,575	\$ 361,410	\$ (11,266,985)	\$ -
Public safety	4,906,952	14,063	(4,921,015)	-
Public works	3,404,424	(32,916)	(3,371,508)	-
Health, welfare and recreation	497,245	(39,211)	(458,034)	-
Conservation of natural resources	144,323	(4,071)	(140,252)	-
Debt service - principal	77,576	-	(77,576)	-
Debt service - interest	2,483	-	(2,483)	-
Capital outlay	1,350,173	-	(1,350,173)	-
County Commissioners	-	-	391,190	391,190
County Clerk	-	-	649,462	649,462
County Treasurer	-	-	540,445	540,445
County Assessor	-	-	677,379	677,379
County Sheriff	-	-	2,200,120	2,200,120
County Attorney	-	-	1,174,116	1,174,116
Courthouse	-	-	375,871	375,871
Surveyor	-	-	99,821	99,821
Coroner	-	-	73,261	73,261
Conservation of natural resources	-	-	140,251	140,251
Clerk of District Court	-	-	551,867	551,867
IT	-	-	187,302	187,302
County jail	-	-	2,489,896	2,489,896
Road and bridge	-	-	3,371,508	3,371,508
Elections	-	-	160,365	160,365
Health	-	-	275,976	275,976
Emergency management	-	-	230,999	230,999
Special projects	-	-	47,097	47,097
General accounts	-	-	4,144,730	4,144,730
Depreciation reserve	-	-	1,428,899	1,428,899
Community aid	-	-	963,522	963,522
Fire suppression	-	-	982,793	982,793
Building and maintenance reserve	-	-	1,333	1,333
Parks and recreation	-	-	182,059	182,059
Salary reserve	-	-	247,764	247,764
	<u>\$ 21,288,751</u>	<u>\$ 299,275</u>	<u>\$ -</u>	<u>\$ 21,588,026</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	\$ 914,334	\$ (83,298)	\$ 79,000	\$ 910,036
Miscellaneous income	784	(1,000)	161,000	160,784
	<u>\$ 915,118</u>	<u>\$ (84,298)</u>	<u>\$ 240,000</u>	<u>\$ 1,070,820</u>
Expenditures				
Public safety	\$ 1,745,149	\$ 68,950	-	\$ 1,814,099
	<u>\$ 1,745,149</u>	<u>\$ 68,950</u>	<u>\$ -</u>	<u>\$ 1,814,099</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.

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, 2017 to January 1, 2018.

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.

SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

**COMBINING BALANCE SHEET
COUNTY ROADS FUND**

June 30, 2019

	County Roads Fund	County Roads Other Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 1,099,407	\$ 3,315,535	\$ 4,414,942
Investments	74,169	3,809,845	3,884,014
Due from other governments	43,864	-	43,864
Total assets	<u>\$ 1,217,440</u>	<u>\$ 7,125,380</u>	<u>\$ 8,342,820</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 119,209	\$ 119,209
Due to other funds	13,473	-	13,473
Total liabilities	<u>13,473</u>	<u>119,209</u>	<u>132,682</u>
Fund Balances			
Restricted			
County road construction	1,203,967	-	1,203,967
Committed			
Road construction	-	7,006,171	7,006,171
Total fund balances	<u>1,203,967</u>	<u>7,006,171</u>	<u>8,210,138</u>
Total liabilities and fund balances	<u>\$ 1,217,440</u>	<u>\$ 7,125,380</u>	<u>\$ 8,342,820</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COUNTY ROADS FUND
 Year Ended June 30, 2019

	County Roads Fund	County Roads Other Fund	Totals
Revenues			
Intergovernmental revenues	\$ 480,765	\$ -	\$ 480,765
Investment income	6,663	84,710	91,373
Total revenues	<u>487,428</u>	<u>84,710</u>	<u>572,138</u>
Expenditures			
Capital outlay	-	3,326,294	3,326,294
Total expenditures	<u>-</u>	<u>3,326,294</u>	<u>3,326,294</u>
Deficiency of revenues over expenditures	<u>487,428</u>	<u>(3,241,584)</u>	<u>(2,754,156)</u>
Other financing sources			
Transfers in	-	2,717,646	2,717,646
Transfers out	-	-	-
Total other financing sources	<u>-</u>	<u>2,717,646</u>	<u>2,717,646</u>
Net changes in fund balances	487,428	(523,938)	(36,510)
Fund balances, beginning of year	<u>716,539</u>	<u>7,530,109</u>	<u>8,246,648</u>
Fund balances, end of year	<u>\$ 1,203,967</u>	<u>\$ 7,006,171</u>	<u>\$ 8,210,138</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, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax revenue	\$ 460,000	\$ 460,000	\$ 484,358	\$ 24,358
Investment income	4,000	4,000	7,070	3,070
	<u>464,000</u>	<u>464,000</u>	<u>491,428</u>	<u>27,428</u>
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	464,000	464,000	491,428	<u>\$ 27,428</u>
Fund balance, beginning of year	<u>669,400</u>	<u>669,400</u>	<u>669,400</u>	
Fund balance, end of year	<u>\$ 1,133,400</u>	<u>\$ 1,133,400</u>	<u>\$ 1,160,828</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, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 10,000	\$ 26,925	\$ 109,865	\$ 82,940
	<u>10,000</u>	<u>26,925</u>	<u>109,865</u>	<u>82,940</u>
Expenditures				
Capital outlay	10,399,437	10,399,437	3,257,534	7,141,903
Total expenditures	<u>10,399,437</u>	<u>10,399,437</u>	<u>3,257,534</u>	<u>7,141,903</u>
Deficiency of revenues over expenditures	<u>(10,389,437)</u>	<u>(10,372,512)</u>	<u>(3,147,669)</u>	<u>7,224,843</u>
Other financing sources				
Transfers in	-	-	2,717,646	2,717,646
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,717,646</u>	<u>2,717,646</u>
Net change in fund balance	<u>(10,389,437)</u>	<u>(10,372,512)</u>	<u>(430,023)</u>	<u>\$ 4,507,197</u>
Fund balance, beginning of year	<u>7,592,600</u>	<u>7,592,600</u>	<u>7,592,600</u>	
Fund balance, end of year	<u><u>\$ (2,796,837)</u></u>	<u><u>\$ (2,779,912)</u></u>	<u><u>\$ 7,162,577</u></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, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,393,915	\$ 1,393,915	\$ 933,073	\$ (460,842)
Investment income	7,500	7,500	56,717	49,217
	<u>1,393,915</u>	<u>1,393,915</u>	<u>989,790</u>	<u>(411,625)</u>
Expenditures				
Capital outlay	3,300,000	3,300,000	970,069	2,329,931
Total expenditures	<u>3,300,000</u>	<u>3,300,000</u>	<u>970,069</u>	<u>2,329,931</u>
Deficiency of revenues over expenditures	<u>(1,906,085)</u>	<u>(1,906,085)</u>	19,721	1,918,306
Other financing sources				
Transfers in	-	267,297	60,531	(206,766)
Total other financing sources	<u>-</u>	<u>267,297</u>	<u>60,531</u>	<u>(206,766)</u>
Net change in fund balance	(1,906,085)	(1,638,788)	80,252	<u>\$ 1,711,540</u>
Fund balance, beginning of year	<u>3,893,776</u>	<u>3,893,776</u>	<u>3,893,776</u>	
Fund balance, end of year	<u>\$ 1,987,691</u>	<u>\$ 2,254,988</u>	<u>\$ 3,974,028</u>	

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2019

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
ASSETS					
Cash and cash equivalents	\$ 15,518	\$ 64,934	\$ 58,113	\$ 263,341	\$ 29,298
Property taxes receivable	75	228	263	-	-
Accounts receivable	-	-	-	25,183	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid maintenance	-	-	-	60,441	-
Total assets	<u>\$ 15,593</u>	<u>\$ 65,162</u>	<u>\$ 58,376</u>	<u>\$ 348,965</u>	<u>\$ 29,298</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	228	263	-	-
Total deferred inflows of resources	<u>75</u>	<u>228</u>	<u>263</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	60,441	-
Restricted					
Rural fire protection	15,518	-	-	-	-
Parks and recreation	-	64,934	-	-	-
Health department	-	-	58,113	-	-
Enhanced 911	-	-	-	288,524	-
Grants	-	-	-	-	29,298
Assigned					
Inmate welfare	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>15,518</u>	<u>64,934</u>	<u>58,113</u>	<u>348,965</u>	<u>29,298</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,593</u>	<u>\$ 65,162</u>	<u>\$ 58,376</u>	<u>\$ 348,965</u>	<u>\$ 29,298</u>

<u>Homeland Security Grants</u>	<u>TANF Grant</u>	<u>Immunization Grant</u>	<u>Other Grants</u>	<u>Inmate Welfare</u>	<u>Health and Human Resources Grant</u>	<u>Maternal Child</u>
\$ 26,371	\$ 7,254	\$ 11,024	\$ 55,589	\$ 50,856	\$ -	\$ -
-	-	-	-	-	-	-
-	1,528	-	22,059	-	12,499	5,979
-	1,164	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 26,371</u>	<u>\$ 9,946</u>	<u>\$ 11,024</u>	<u>\$ 77,648</u>	<u>\$ 50,856</u>	<u>\$ 12,499</u>	<u>\$ 5,979</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,164	-	12,499	9,316
-	242	-	-	-	-	1,891
<u>-</u>	<u>242</u>	<u>-</u>	<u>1,164</u>	<u>-</u>	<u>12,499</u>	<u>11,207</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,371	9,704	11,024	76,484	-	-	-
-	-	-	-	50,856	-	-
-	-	-	-	-	-	(5,228)
<u>26,371</u>	<u>9,704</u>	<u>11,024</u>	<u>76,484</u>	<u>50,856</u>	<u>-</u>	<u>(5,228)</u>
<u>\$ 26,371</u>	<u>\$ 9,946</u>	<u>\$ 11,024</u>	<u>\$ 77,648</u>	<u>\$ 50,856</u>	<u>\$ 12,499</u>	<u>\$ 5,979</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 Grant	Prevention Grant	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 1,358	\$ -	\$ 8,920	\$ 7,169	\$ 599,745
Property taxes receivable	-	-	-	-	566
Accounts receivable	-	-	-	-	25,183
Due from other governments	-	-	2,998	18,943	64,006
Due from other funds	-	-	-	-	1,164
Prepaid maintenance	-	-	-	-	60,441
Total assets	<u>\$ 1,358</u>	<u>\$ -</u>	<u>\$ 11,918</u>	<u>\$ 26,112</u>	<u>\$ 751,105</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	72,973	-	-	95,952
Refundable advances	-	-	11,918	26,112	40,163
Total liabilities	<u>-</u>	<u>72,973</u>	<u>11,918</u>	<u>26,112</u>	<u>136,115</u>
Deferred inflows of resources					
Unavailable property tax revenue	-	-	-	-	566
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>566</u>
Fund balances					
Nonspendable	-	-	-	-	60,441
Restricted					
Rural fire protection	-	-	-	-	15,518
Parks and recreation	-	-	-	-	64,934
Health department	-	-	-	-	58,113
Enhanced 911	-	-	-	-	288,524
Grants	-	-	-	-	152,881
Assigned					
Inmate welfare	-	-	-	-	50,856
Unassigned	1,358	(72,973)	-	-	(76,843)
Total fund balances (deficit)	<u>1,358</u>	<u>(72,973)</u>	<u>-</u>	<u>-</u>	<u>614,424</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,358</u>	<u>\$ -</u>	<u>\$ 11,918</u>	<u>\$ 26,112</u>	<u>\$ 751,105</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2019

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
Revenues					
Taxes	\$ -	\$ 25	\$ 20	\$ -	\$ -
Intergovernmental revenues	-	-	-	141,450	-
Investment income	-	-	326	1,541	180
Miscellaneous revenues	-	20	15	-	-
Total revenues	<u>-</u>	<u>45</u>	<u>361</u>	<u>142,991</u>	<u>180</u>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	178,680	1,372
Health, welfare and recreation	-	-	-	-	-
Capital outlay					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,680</u>	<u>1,372</u>
Excess (deficiency) of revenues over expenditures	-	45	361	(35,689)	(1,192)
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>-</u>	<u>45</u>	<u>361</u>	<u>(35,689)</u>	<u>(1,192)</u>
Fund balances (deficits), beginning of year	<u>15,518</u>	<u>64,889</u>	<u>57,752</u>	<u>429,775</u>	<u>30,490</u>
Prior period adjustment	-	-	-	(45,121)	-
Fund balances (deficits), beginning of year, as restated	<u>15,518</u>	<u>64,889</u>	<u>57,752</u>	<u>384,654</u>	<u>30,490</u>
Fund balances (deficits), end of year	<u>\$ 15,518</u>	<u>\$ 64,934</u>	<u>\$ 58,113</u>	<u>\$ 348,965</u>	<u>\$ 29,298</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Health and Human Resources Grant	Maternal Child
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,091	7,750	-	155,088	-	104,904	49,255
-	-	-	-	308	-	(154)
-	-	-	11,491	-	-	-
<u>3,091</u>	<u>7,750</u>	<u>-</u>	<u>166,579</u>	<u>308</u>	<u>104,904</u>	<u>49,101</u>
-	-	-	14,574	-	104,904	-
4,122	-	-	138,954	2,361	-	-
-	7,750	-	-	-	-	49,211
<u>4,122</u>	<u>7,750</u>	<u>-</u>	<u>153,528</u>	<u>2,361</u>	<u>104,904</u>	<u>49,211</u>
(1,031)	-	-	13,051	(2,053)	-	(110)
1,918	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
887	-	-	13,051	(2,053)	-	(110)
25,484	1,164	11,024	63,433	52,909	-	5
-	8,540	-	-	-	-	(5,123)
<u>25,484</u>	<u>9,704</u>	<u>11,024</u>	<u>63,433</u>	<u>52,909</u>	<u>-</u>	<u>(5,118)</u>
<u>\$ 26,371</u>	<u>\$ 9,704</u>	<u>\$ 11,024</u>	<u>\$ 76,484</u>	<u>\$ 50,856</u>	<u>\$ -</u>	<u>\$ (5,228)</u>

(Continued)

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
Year Ended June 30, 2019

	WIC Grant	Impact Assistance	HIV Grant	Prevention Grant	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 45
Intergovernmental revenues	5,512	-	19,943	97,117	486,993
Investment income	-	-	-	-	2,201
Miscellaneous revenues	-	-	-	-	11,526
Total revenues	<u>5,512</u>	<u>-</u>	<u>19,943</u>	<u>97,117</u>	<u>597,882</u>
Expenditures					
General government	-	-	-	-	119,478
Public safety	-	-	-	-	325,489
Health, welfare and recreation	2,749	-	19,943	97,117	79,653
Capital outlay	-	72,973	-	-	72,973
Total expenditures	<u>2,749</u>	<u>72,973</u>	<u>19,943</u>	<u>97,117</u>	<u>694,710</u>
Excess (deficiency) of revenues over expenditures	2,763	(72,973)	-	-	(96,828)
Other financing sources (uses)					
Transfers in	-	-	-	-	1,918
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,918</u>
Net changes in fund balances	<u>2,763</u>	<u>(72,973)</u>	<u>-</u>	<u>-</u>	<u>(94,910)</u>
Fund balances (deficits), beginning of year	<u>(1,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,038</u>
Prior period adjustment	-	-	-	-	(41,704)
Fund balances (deficits), beginning of year, as restated	<u>(1,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>709,334</u>
Fund balances (deficits), end of year	<u>\$ 1,358</u>	<u>\$ (72,973)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,424</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2019

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 956,958	\$ 251,391	\$ 1,208,349
Investments	54,203	3,462	57,665
Property taxes receivable	1,519	-	1,519
Accounts receivable	1,825	1,045	2,870
Restricted cash and cash equivalents	3,605,655	118,452	3,724,107
Restricted investments, long-term	3,283,620	142,920	3,426,540
Beneficial interest in assets held by others	-	243,737	243,737
Capital assets not being depreciated	588,251	-	588,251
Capital assets being depreciated, net of accumulated depreciation	15,561,934	-	15,561,934
Total assets	<u>24,053,965</u>	<u>761,007</u>	<u>24,814,972</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	152,873	-	152,873
Total deferred outflows of resources	<u>152,873</u>	<u>-</u>	<u>152,873</u>
LIABILITIES			
Accounts payable and accrued liabilities	291,663	-	291,663
Noncurrent liabilities			
Due within one year	5,549	-	5,549
Due in more than one year	25,200	-	25,200
Net pension liability	828,128	-	828,128
Total liabilities	<u>1,150,540</u>	<u>-</u>	<u>1,150,540</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	195,686	-	195,686
Total deferred inflows of resources	<u>195,686</u>	<u>-</u>	<u>195,686</u>
NET POSITION			
Net investment in capital assets	15,550,136	-	15,550,136
Restricted by donors, nonexpendable	-	581,978	581,978
Restricted by donors, expendable	-	60,272	60,272
Restricted by voters	6,663,174	-	6,663,174
Unrestricted	647,302	118,757	766,059
Total net position	<u>\$ 22,860,612</u>	<u>\$ 761,007</u>	<u>\$ 23,621,619</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, 2019

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Taxes	\$ 20	\$ -	\$ 20
Charges for services	9,295	-	9,295
Intergovernmental revenue	1,381,321	-	1,381,321
Miscellaneous	300,282	2,076	302,358
Investment income (loss)	125,949	(4,248)	121,701
Public support	-	22,293	22,293
Total revenues	1,816,867	20,121	1,836,988
Expenditures			
Current			
Health, welfare and recreation	2,037,987	6,738	2,044,725
Debt service			
Interest	1,733	-	1,733
Total expenditures	2,039,720	6,738	2,046,458
Excess (deficiency) of revenues over expenditures	(222,853)	13,383	(209,470)
Net position, beginning of year	23,083,465	747,624	23,831,089
Net position, end of year	\$22,860,612	\$ 761,007	\$ 23,621,619

COMPLIANCE SECTION

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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, 2019, 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 2, 2020.

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 as 2019-001 and 2019-002 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 3, 2020.

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 3, 2020

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS

June 30, 2019

Internal Control Matters

Material Weakness in Internal Control over Financial Reporting

2019-001

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).

Condition

The County's accounting personnel and those in charge with governance, in course of their assigned duties, lack the specific skills and experience to fully prepare the external financial statements and related footnotes in accordance with generally GAAP. This is most problematic in relation to required disclosures in formal financial reporting.

Cause

The County's accounting personnel lack the knowledge and experience to prepare accurate GAAP-basis financial statements and related footnotes. The County maintains its budgetary record on the cash basis. The County regularly prepares budgetary basis financial reports. However, the County's budgetary basis differs significantly from GAAP. The County's hiring criteria has not included the ability to prepare GAAP basis financial statements, since formal financial statements are only prepared annually.

Effect or potential effect

Since the people charged with preparing support for and reviewing County's financial statements are not well versed in GAAP requirements, their support and review may have limited benefit. The financial statements could include undetected errors and irregularities or omit information which is important to readers of the financial statements.

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication. However, due to the lack of resources available to correct this material weakness in financial reporting we recommend management mitigate this weakness by having a heightened awareness of material transactions being reported and consider whether an individual experienced in external GAAP financial reporting could provide benefit in reporting and communicating more complex aspects of County operations.

Views of responsible officials

See Corrective Action Plan.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS

June 30, 2019

Material Weakness in Internal Control over Financial Reporting (Continued)

2019-002

Material Audit Adjustments

Criteria

The County is responsible for identifying all significant journal entries to convert the County's budgetary cash-basis accounting records to the modified and full accrual basis of accounting for the preparation of the County's financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

As a part of our audit, significant adjustments were proposed and recorded in order to properly state the financial statements in accordance with GAAP. These adjustments included corrections to the construction-in-progress and fixed assets, reclassification of Joint Justice Center Joint Powers Board expenses included in the County's Capital Projects fund, and recording a liability to the City of Douglas which represented a prior period adjustment.

Cause

As the County personnel relies primarily on the budgetary basis of accounting in their daily operations, they are still gaining familiarity with the modified and full accrual accounting required to record all necessary adjustments for GAAP reporting. Some of the full accrual accounting adjustments are complex and carry their effect from year to year.

Effect or potential effect

Journal entries posted to correct balances of the accounts had significant effect in the presentation of capital asset, liabilities, and other balances for fund and government wide financial statements.

Recommendation

In our judgment, management and those charged with governance need to consider the procedures needed to propose adjustments to financial information, so it is available and evaluated in a timely manner to ensure it is properly reported in accordance with GAAP.

Views of responsible officials

See Corrective Action Plan.

Board of Commissioners

Converse County, Wyoming

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

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

Schedule of Prior Audit Findings
June 30, 2018

2018-001

Financial Reporting

The Government Accountability Office requires management to be responsible for the preparation and fair presentation of the financial statements in accordance with GAAP. The County regularly prepares budgetary basis financial reports. However, the County's budgetary basis differs significantly from GAAP.

Status

This finding has been repeated.

2018-002

Material Audit Adjustments

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

2018-003

Determination of Single Audit Requirement

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 on upon meeting or exceeding the threshold of expending \$750,000 or more in Federal awards during the year. 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.

Status

This finding has been corrected.

Board of Commissioners

Converse County, Wyoming

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CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS

Finding 2019-001 – Preparation of Financial Statements

Name of Contact Personnel – Karen Rimmer, 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 2019-002 – Material Audit Adjustments

Corrective Action

Name of Contact Personnel – Karen Rimmer, 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