

Converse County, Wyoming

FINANCIAL REPORT

JUNE 30, 2020



CONVERSE COUNTY, WYOMING

FINANCIAL REPORT

JUNE 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise Converse County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board, discretely presented component units, which represent 78 percent, 72 percent and 98 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of Converse County, Wyoming. Those 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, 2020, 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, infrastructure assets reported using the modified approach, 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 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, based on our audit, procedures performed as described above, and the report of the other auditors, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, 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

February 11, 2021
Casper, Wyoming

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(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, 2020. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources as of June 30, 2020 by \$134,741,211 (Net Position). Of this amount \$56,300,113 (Unrestricted Net Position) may be used to meet ongoing obligations, and \$76,196,342 is invested in capital assets, net of related debt.

As of June 30, 2020, the County's governmental funds reported combined fund balances of \$63,968,904. Unassigned fund balance of the governmental fund balance was \$5,563,718.

The fund balance for the general fund was \$51,606,269 as of June 30, 2020, with an unassigned fund balance of \$6,073,113.

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 five components 1) management's discussion and analysis (this section); 2) government - wide financial statements; 3) fund financial statements; 4) discretely presented component unit statements and 5) 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, 2020

(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 and Foundation, 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 Converse County Library and Foundation, 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, 2020

(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 infrastructure assets reported using the modified approach, 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, 2020

(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 and deferred outflows exceeded liabilities and deferred inflows by \$134,741,211. 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 \$56,300,113 (42%) may be used to meet the County's ongoing obligations.

The County's net position for the governmental activities as of June 30, 2020, was as follows:

	2020	2019	Variance
ASSETS			
Current assets	\$ 97,279,139	\$ 82,617,344	\$ 14,661,795
Capital assets, net of accumulated depreciation	76,196,342	71,609,990	4,586,352
Total assets	173,475,481	154,227,334	19,248,147
DEFERRED OUTFLOWS OF RESOURCES	4,740,939	4,847,421	(106,482)
LIABILITIES			
Current liabilities	2,762,658	2,402,674	(359,984)
Due in more than one year	413,235	376,440	(36,795)
Pension liability	7,218,796	11,090,438	3,871,642
Total liabilities	10,394,689	13,869,552	3,474,863
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	28,296,428	24,689,386	(3,607,042)
Pension items	4,784,092	1,580,531	(3,203,561)
Unavailable other revenue	-	265,575	265,575
	33,080,520	26,535,492	(6,545,028)
NET POSITION			
Net investment in capital assets	76,196,342	71,609,990	4,586,352
Restricted	2,244,756	1,783,937	460,819
Unrestricted	56,300,113	45,275,784	11,024,329
Total net position	\$ 134,741,211	\$ 118,669,711	\$ 16,071,500

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020
(Unaudited)

Government-wide Financial Analysis (Continued)

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

	<u>2020</u>	<u>Percentage</u>	<u>2019</u>	<u>Percentage</u>	<u>Variance</u>
Revenues					
General					
Taxes					
Property	\$ 26,165,830	49.6%	\$ 15,921,284	39.4%	\$ 10,244,546
Sales	9,121,406	17.3%	9,133,775	22.6%	(12,369)
Other	10,111,808	19.1%	8,629,299	21.4%	1,482,509
Other grants and contributions	60,522	0.1%	293,547	0.7%	(233,025)
Payments in lieu of taxes	978,751	1.9%	985,125	2.4%	(6,374)
Investment income	876,672	1.7%	911,465	2.3%	(34,793)
Disposal of capital assets	(99,498)	-0.2%	(7,935)	0.0%	(91,563)
Miscellaneous	68,332	0.1%	436,354	1.1%	(368,022)
Program Revenues					
Charges for services	2,476,233	4.7%	1,976,251	4.9%	499,982
Operating grants and contributions	2,338,462	4.4%	1,755,372	4.4%	583,090
Capital grants contributions	704,797	1.3%	314,166	0.8%	390,631
Total revenues	<u>52,803,315</u>	<u>100.0%</u>	<u>40,348,703</u>	<u>100.0%</u>	<u>12,454,612</u>
Expenses					
General government	14,048,547	38.2%	11,603,581	36.2%	2,444,966
Public safety	9,722,490	26.5%	10,422,028	32.6%	(699,538)
Public safety - Joint Justice Center (*)	1,850,895	5.0%	-	0.0%	1,850,895
Public works	9,975,569	27.2%	8,966,593	28.0%	1,008,976
Health, welfare, and recreation	992,413	2.7%	870,171	2.7%	122,242
Conservation of natural resources	141,901	0.4%	145,443	0.5%	(3,542)
Interest on long-term debt	-	0.0%	2,482	0.0%	(2,482)
Total expenses	<u>36,731,815</u>	<u>100.0%</u>	<u>32,010,298</u>	<u>100.0%</u>	<u>4,721,517</u>
Changes in net position	16,071,500		8,338,405		<u>\$ 7,733,095</u>
Net position, beginning of year	<u>118,669,711</u>		<u>110,331,306</u>		
Net position, end of year	<u>\$ 134,741,211</u>		<u>\$ 118,669,711</u>		

(*) 2019 Joint Justice Center expenditures were included with Public Safety.

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 special revenue 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, 2020, the County's governmental funds reported combined fund balances of \$63,968,904.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020
(Unaudited)

Financial Analysis of the County's Funds (Continued)

The General Fund is the main operating fund of the County. As of June 30, 2020, the total fund balance was \$51,606,269, while the unassigned General Fund balance was \$6,073,113.

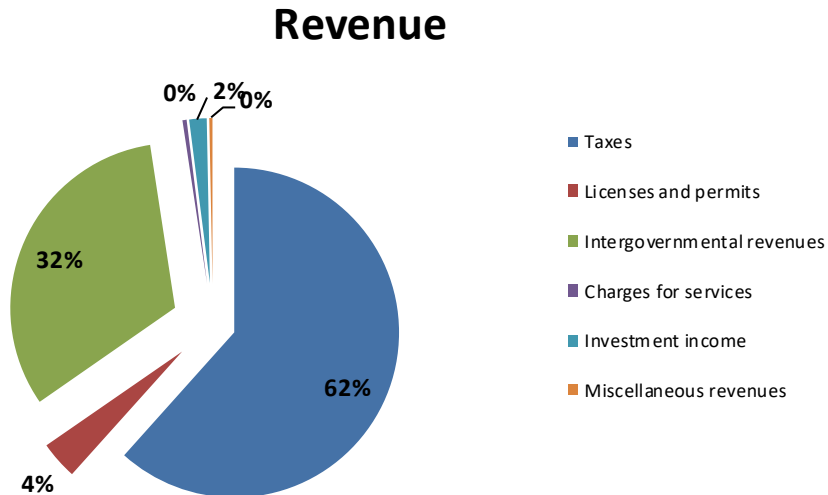
The County Road Fund is used to account for the construction and maintenance of the County roads other than those financed by the General Fund. As of June 30, 2020, the County Roads Fund showed a fund balance of \$10,895,079.

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, 2020, the total fund balance was \$980,159.

Revenues for governmental funds were approximately \$51.4 million for the fiscal year ended June 30, 2020. The following schedule presents revenues by source.

Revenues	2020	Percentage	2019	Percentage	Variance
Taxes	\$ 31,662,290	61.6%	\$ 22,693,881	56.9%	\$ 8,968,409
Licenses and permits	1,908,282	3.7%	1,820,161	4.6%	88,121
Intergovernmental revenues	16,553,547	32.2%	13,967,445	35.0%	2,586,102
Charges for services	207,717	0.4%	156,090	0.4%	51,627
Investment income	865,618	1.7%	917,051	2.3%	(51,433)
Miscellaneous revenues	186,720	0.4%	312,389	0.8%	(125,669)
Total revenues	\$ 51,384,174	100.0%	\$ 39,867,017	100.0%	\$ 11,517,157



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2020 (Unaudited)

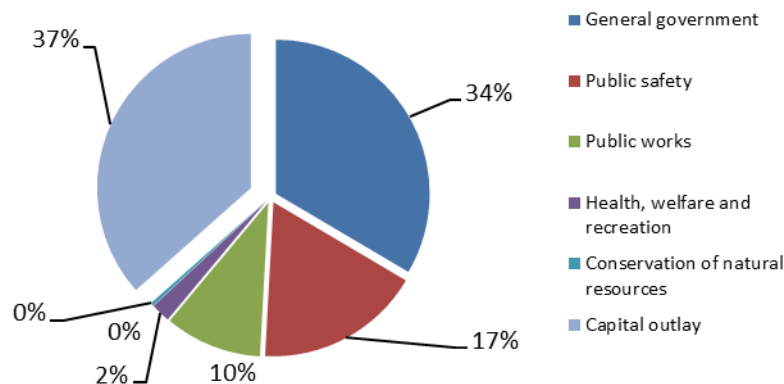
Financial Analysis of the County's Funds (Continued)

Expenditures for governmental funds were \$41,456,805 for fiscal year 2020, up 48% from the \$27.9 million spent in fiscal year 2019. The major difference from 2019 related to the County's contribution to Capital outlay, which increased from \$6,146,881 to \$15,142,660 in 2020. The majority of that outlay was spent on county roads, which increased from \$3.3 million to \$8.6 million in 2020.

The following schedule presents expenditures by activities.

Expenditures	2020	Percentage	2019	Percentage	Variance
Current					
General government	\$ 13,892,660	33.5%	\$ 11,025,053	39.5%	\$ 2,867,607
Public safety	7,207,219	17.4%	6,511,272	23.3%	695,947
Public works	4,230,317	10.2%	3,404,424	12.2%	825,893
Health, welfare and recreation	840,339	2.0%	576,898	2.1%	263,441
Conservation of natural resources	143,610	0.3%	144,323	0.5%	(713)
Debt Service					
Principal	-	0.0%	77,576	0.3%	(77,576)
Interest	-	0.0%	2,483	0.0%	(2,483)
Capital outlay	15,142,660	36.5%	6,146,881	22.1%	8,995,779
Total expenditures	\$ 41,456,805	100.0%	\$ 27,888,910	100.0%	\$ 13,567,895

Expenses



Energy activity continued to increase and drive revenues in Fiscal Year 2020, resulting in record revenues for the General Fund. The \$51.4 million in revenues for governmental funds set a new high mark, significantly higher than the \$39.8 million received in fiscal year 2019. Expenses also grew exponentially, to \$41.4 million in 2020, from \$27.9 million in 2019. Much of the expenditure increase was attributable to Capital outlay, which represented 37% of all spending. Even with a 48% increase in spending, the end of year fund balance of \$64 million was a 19% increase from where the county began the year, at \$54 million.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(Unaudited)

Financial Analysis of the County's Funds (Continued)

Property taxes from a record \$2.1 billion county valuation for the 2019 tax year, collected in fiscal year 2020, resulted in property taxes revenues of \$24.7 million for the General Fund, a 56% increase from 2019. The record valuation resulted from strong oil and gas production and sales during calendar year 2018, which is billed in the 2019 tax year. The valuation of oil production more than doubled, from \$620 million in tax year 2018 to \$1.3 billion in tax year 2019.

Sales tax revenues also increased modestly, with collections of \$15 million during 2020, an 18% increase over the \$12.7 million collected in 2019. The Mining sector contributed 46% of the total, averaging \$3.5 million per month countywide, up slightly from the \$3.2 million monthly average in 2019. The next largest contributor was the Retail sector, which contributed 20% and averaged \$1.5 million countywide per month.

Spending for general government purposes in 2020 increased 13% from the prior fiscal year, at \$13.9 million. Spending on public safety increased 47%, from \$6.5 million in fiscal year 2019 to \$7.2 million in fiscal year 2020. The county also spent significantly more on county roads, where expenses rose from \$3.3 million to \$8.6 million in 2020.

For all government operations, spending totaled \$41.5 million in FY 2020, up 48% from the \$27.9 million spent in FY 2019. County road projects and capital projects accounted for the majority of the increase in expenditures.

Even with increased overall spending, the significant increase in revenues allowed for growth in the General Fund of 23%. The fund began the year at \$41.8 million and ended at \$51.6 million, a \$9.8 million increase.

The excess revenues allowed the County to continue building reserves. At the end of FY 2020, the County had just over \$45.2 million in reserve accounts, split between the Operating Reserve (\$3.9 million), Building Reserve (\$33.4 million), Equipment Reserve (\$3.6 million), Salary Reserve (\$2.1 million), and Depreciation Reserve (\$2.1 million).

The County's commitment to capital spending and reserves occurred during a peak in the County's energy production. In 2020, Converse County became Wyoming's oil capital, providing 32% of all oil produced in the state during 2019, by far the largest total. The County's 1,532 active wells produced 29.8 million barrels of oil, a 28% increase from 2019. The increased production of oil and gas helped offset the continued decline of coal.

The Navajo Transitional Energy Company, purchasers of the North Antelope coal mine, continue to make monthly payments to pay the roughly \$8 million in delinquent taxes left by the bankruptcy of former owner Cloud Peak Energy. As of June 30, 2020, the amount owed for all tax years was just over \$7.8 million.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(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, 2020 was approximately \$76.2 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 2020, the County continued to address road projects, budgeting \$4.2 million for Highland Loop, \$1.8 million for Mormon Canyon Road, \$1.3 million for Brownfield Road, \$1 million for Dickau Road, \$1.5 million for Jenne Trail, and another \$6.2 million to use on other roads as needed.

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

Several new equipment leases and purchases were also funded in the Fiscal Year 2020 budget, including two tractor/trucks, four snow plows, one hydro-seeder, one F450 Service truck, one tire roller, one backhoe and one snow blower for Road & Bridge. The Sheriff's Office was authorized to purchase four patrol vehicles and a transport van for the Detention Center.

The County also budgeted \$4,000,000 for a new shop in Douglas for the Road and Bridge Department, with construction expected to be completed in fiscal year 2021.

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

Debt Administration

At the end of the current fiscal year, Converse County had debt of \$8,453,608 from property tax repayments, 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 \$7,218,796, \$11,090,438, and \$6,218,493, as of June 30, 2020, 2019, and 2018, respectively.

Fiscal Year 2020 Budget

The County anticipated that more revenues would be available for FY 2020, budgeting \$42,827,980 in revenue, \$6.7 million more than the \$36,144,387 received in FY 2019. The County projected higher property tax revenues, budgeted at \$25.5 million compared to FY 2019's \$16.2 million. The County also anticipated a drop in sales tax revenues, which were expected to total \$11.7 million for FY 2020 after receiving \$12.7 million in FY 2019. Sales tax receipts totaled \$15 million by the end of the year.

At the close of the fiscal year, revenues were even higher than anticipated, as the County received \$47.9 million, \$5.1 million more than the budget reflected. In sales taxes alone, the County received \$3.3 million above what was budgeted.

The exception to the excess revenues was in property taxes, where the County's 12-mill levy was expected to generate \$25,477,980 but only resulted in taxes of \$24,706,654. This shortfall was due to the County's share of the \$3.3 million in delinquent taxes left unpaid by the Cloud Peak Energy bankruptcy.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2020 (Unaudited)

Financial Analysis of the County's Funds (Continued)

Property taxes continue to be the largest single contributor to General Fund revenue, accounting for \$24.7 million of the \$47.9 collected, or 52% of the total. The County's valuation reached a record high \$2.1 billion, a 54% increase over the prior year's \$1.36 billion, largely due to an increase in oil production and value.

Next Year's Budget and Rates

The County has one more year of increased property tax revenues, due to valuation on coal and oil for calendar year 2019 that will be billed with the 2020 taxes and collected in fiscal year 2021. The County's valuation for tax year 2020 increased to another record-high, \$2.36 billion. Even so, with sagging revenues in almost every other sector, especially sales taxes, the County budgeted just over \$43 million in revenues, a \$4.9 million decrease from revenues collected in fiscal year 2020.

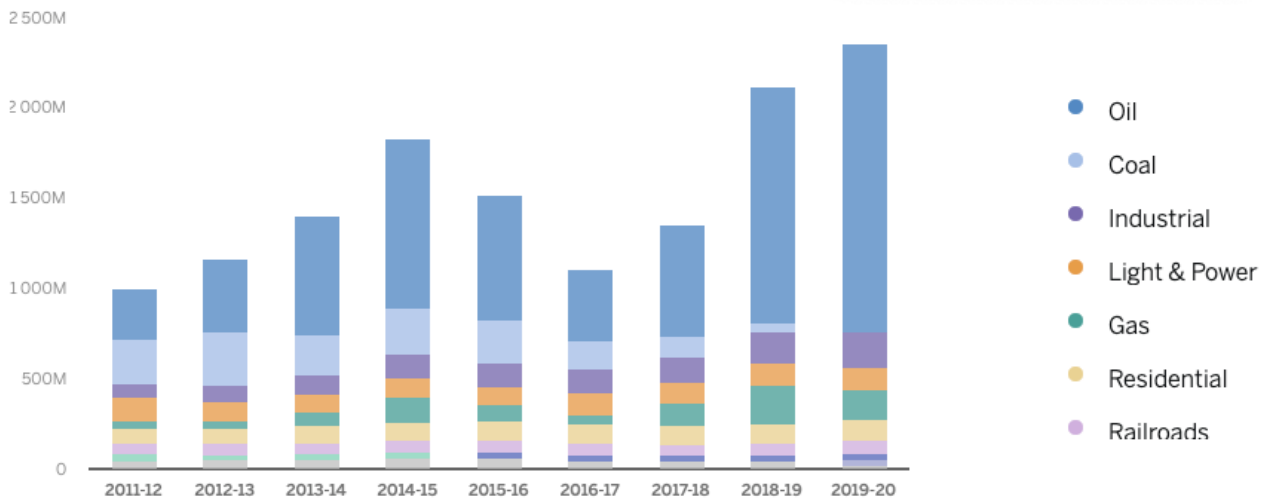
Countywide sales taxes, battered by the COVID-19 crisis and contraction in the energy market, are forecasted to fall 44% from fiscal year 2020, to \$8,472,000.

The County is also budgeting fewer expenses, with overall spending to drop from \$57.5 million in fiscal year 2020 to \$53.5 million in 2021, a 7% decrease. The anticipated expenses include transfers to reserves, with \$2.9 million earmarked for the Building Reserve, \$1 million for the Equipment Reserve and \$350,000 to the Salary Reserve.

Economic Factors

The County's taxable value reached a record high for the second year in a row, at \$2.4 billion, an 11% increase over the 2019 tax valuation of \$2.1 billion. The increase was driven by relatively high oil prices and production for calendar year 2019, which constitutes the 2020 valuation.

As the energy sector contracted in 2020 due to demand and pricing challenges, the County expects the valuation to drop significantly for tax year 2021, as much as 30% to 35%.



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020
(Unaudited)

Financial Analysis of the County's Funds (Continued)

Economic Factors (Continued)

While the valuation on coal, uranium and gas decreased due to flagging pricing and demand, oil valuations increased again from tax year 2019 to tax year 2020, with oil increasing approximately \$280 million in value.

<u>Mineral</u>	<u>2018 Value</u>	<u>2019 Value</u>	<u>2020 Value</u>
Coal	\$ 115,908,856	\$ 49,822,198	\$ 3,218,360
Oil	\$ 620,394,836	\$1,311,008,305	\$1,592,014,347
Gas	\$ 121,730,817	\$ 209,652,764	\$ 167,160,817
Uranium	\$ 2,580,068	\$ 546,678	\$ 139,743

As of July 2020, Wyoming had one active oil rig and that number dropped to zero in the following month. There were 36 rigs operating in Wyoming during the same period in 2019. As of January 2021, there are four rigs operating in Wyoming, according to Baker-Hughes.

Although the County has seen a slow down this year with the COVID-19 crisis and the crash of oil prices, the Bureau of Land Management (BLM) issued a decision to approve a new oil and gas project in Converse County. This project would allow the development of up to 5,000 new oil and gas wells within a 1.5-million-acre area and would provide roughly 8,000 jobs, generating approximately \$18 to \$28 billion in federal revenues, according to the BLM.

The County welcomed 192 wind turbines that were installed between Wyoming highways 59 and 93, northwest of Douglas. As of December 2020, Phases I, II and III of the Cedar Springs Wind Projects are online and producing approximately 533 megawatts of electricity. The project started in October 2019 and was completed in December 2020. The total impact assistance payments for each project, to be distributed to all county entities, totaled:

Cedar Springs I: \$2,195,640

Cedar Springs II: \$ 64,936

Impact assistance payments will continue to be received according to a payment distribution schedule. The total the County is expected to receive is:

Cedar Springs I: \$ 28,860

Cedar Springs II: \$187,593

Sales tax revenues from the Cedar Springs wind project have helped to offset the decline in the mineral industry and the effects from the COVID-19 pandemic.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(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, 2020, the County was required to pay back its share of \$622,736 in property taxes over the next five years due to Notice of Valuation Changes. The impact on the County General fund is approximately 20% of that total, or \$132,547.

While Charger Resources had an NOVC entitling them to refunds from 2020 through 2022, a petition to the County Commissioners resulted in a lump sum payout, clearing that liability. The payout increased the total amount refunded in 2020 and reduced the total of future payments.

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

COVID-19

COVID-19 (the Pandemic) is an ongoing situation. At this time the County cannot determine the duration of the Pandemic or the overall impact of the Pandemic; including the federal and state responses thereto, will have on its programs and operation. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the County, its programs and operations.

The County has received \$139,665 in reimbursements in response to the County Health Department's efforts to mitigate the spread of the novel coronavirus in the County.

Furthermore, the County also applied for \$6.4 million in relief from the Coronavirus Relief Grant (CRG) Program. Of this \$6.4 million, \$5.9 million was approved and the County is expected to receive \$5.8 million. To date, the County has received a total of \$344,334 towards that total. These funds will be used to reimburse the County for sanitizing County property, for payroll, emergency payroll and new equipment for County departments, including the Sheriff's Office and Health Department, and to construct a new shelter for the Converse Hope Center.

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, 2020

	Primary Government		Component
	Governmental	Total	Units
	Activities		Total
ASSETS			
Cash and cash equivalents	\$ 33,356,243	\$ 33,356,243	\$ 15,264,765
Restricted cash	-	-	5,920,060
Investments	30,682,974	30,682,974	1,001,126
Property and other taxes receivable, net	29,967,285	29,967,285	976,442
Accounts receivable, net	264,068	264,068	16,025,243
Due from other governments	2,183,928	2,183,928	185,239
Prepaid items and other	183,216	183,216	886,688
Inventory	370,043	370,043	2,375,177
Restricted cash and cash equivalents, long-term	271,382	271,382	6,701,062
Restricted investments, long-term	-	-	6,653,137
Other assets, long-term	-	-	147,711
Beneficial interest in assets held by others	-	-	225,883
Capital assets not being depreciated	37,420,428	37,420,428	5,000,155
Capital assets being depreciated, net of accumulated depreciation	38,775,914	38,775,914	49,418,640
Total assets	<u>173,475,481</u>	<u>173,475,481</u>	<u>110,781,328</u>
DEFERRED OUTFLOWS OF RESOURCES			
Excess of acquisition over consideration	-	-	1,383,333
Pension plan items	4,740,939	4,740,939	329,902
Total deferred outflows of resources	<u>4,740,939</u>	<u>4,740,939</u>	<u>1,713,235</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,338,570	1,338,570	9,456,610
Retainage and contracts payable	321,114	321,114	249,534
Cash held for others	271,382	271,382	-
Refundable advances	10,019	10,019	5,920,060
Noncurrent liabilities			
Due within one year	821,573	821,573	3,380,685
Due in more than one year	413,235	413,235	7,387,709
Net pension liability	7,218,796	7,218,796	1,027,834
Total liabilities	<u>10,394,689</u>	<u>10,394,689</u>	<u>27,422,432</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	28,296,428	28,296,428	851,250
Pension plan items	4,784,092	4,784,092	324,522
Total deferred inflows of resources	<u>33,080,520</u>	<u>33,080,520</u>	<u>1,175,772</u>
NET POSITION			
Net investment in capital assets	76,196,342	76,196,342	50,587,385
Restricted by			
State statutes (W.S. 24-2-110)	1,645,159	1,645,159	-
Grantors and others	599,597	599,597	-
Voters	-	-	5,769,238
Donor - expendable	-	-	4,962,978
Donor - nonexpendable	-	-	581,978
Unrestricted	56,300,113	56,300,113	21,994,780
Total net position	<u>\$ 134,741,211</u>	<u>\$ 134,741,211</u>	<u>\$ 83,896,359</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary government				
Governmental activities				
General government	\$ 14,048,547	\$ 2,247,479	\$ 419,075	\$ -
Public safety	9,722,490	82,438	218,463	-
Public safety - Joint Justice Center	1,850,895	-	1,275,161	6,564
Public works	9,975,569	-	21,645	48,233
Health, welfare, and recreation	992,413	146,316	404,118	650,000
Conservation of natural resources	141,901	-	-	-
Total governmental activities	36,731,815	2,476,233	2,338,462	704,797
Total primary government	\$ 36,731,815	\$ 2,476,233	\$ 2,338,462	\$ 704,797
Component units	\$ 89,037,291	\$ 80,465,471	\$ 4,552,142	\$ 837,590
		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		
		Disposal of capital assets		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		<u>Component Units Totals</u>
<u>Governmental Activities</u>	<u>Total</u>	
\$ (11,381,993)	\$ (11,381,993)	\$ -
(9,421,589)	(9,421,589)	-
(569,170)	(569,170)	-
(9,905,691)	(9,905,691)	-
208,021	208,021	-
(141,901)	(141,901)	-
<u>(31,212,323)</u>	<u>(31,212,323)</u>	<u>-</u>
<u>(31,212,323)</u>	<u>(31,212,323)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(3,182,088)</u>
26,165,830	26,165,830	1,339,332
9,121,406	9,121,406	-
10,111,808	10,111,808	-
60,522	60,522	-
978,751	978,751	-
876,672	876,672	723,470
68,332	68,332	60,331
(99,498)	(99,498)	-
<u>47,283,823</u>	<u>47,283,823</u>	<u>2,123,133</u>
16,071,500	16,071,500	(1,058,955)
<u>118,669,711</u>	<u>118,669,711</u>	<u>84,955,314</u>
<u>\$ 134,741,211</u>	<u>\$ 134,741,211</u>	<u>\$ 83,896,359</u>

CONVERSE COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	General Fund	County Roads Fund	Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 22,042,423	\$ 10,061,374	\$ 20,746
Investments	26,144,999	1,869,077	2,029,602
Property and other taxes receivable, net	29,966,846	-	-
Accounts receivable	39,727	-	-
Due from other governments	1,804,819	23,930	8,905
Due from other funds	2,184,194	-	-
Inventory	-	-	370,043
Prepaid items	70,149	-	-
Restricted cash and cash equivalents	271,382	-	-
Total assets	<u>\$ 82,524,539</u>	<u>\$ 11,954,381</u>	<u>\$ 2,429,296</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 185,294	\$ 724,715	\$ 18,897
Due to other funds	1,920	13,473	1,430,240
Retainage payable		321,114	
Cash held for others	271,382	-	-
Refundable advances	-	-	-
Total liabilities	<u>458,596</u>	<u>1,059,302</u>	<u>1,449,137</u>
Deferred inflows of resources			
Unavailable property tax revenue	29,889,674	-	-
Unavailable other revenue	570,000	-	-
Total deferred inflows of resources	<u>30,459,674</u>	<u>-</u>	<u>-</u>
 Fund balances			
Nonspendable			
Inventory	-	-	370,043
Prepaid items	70,149	-	-
Restricted			
Special revenue funds	-	-	-
County road construction	-	1,645,159	-
Committed			
Economic development	192,753	-	-
Justice Center	-	-	610,116
County road construction	-	9,249,920	-
Assigned	45,270,254	-	-
Unassigned	6,073,113	-	-
Total fund balances	<u>51,606,269</u>	<u>10,895,079</u>	<u>980,159</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 82,524,539</u>	<u>\$ 11,954,381</u>	<u>\$ 2,429,296</u>

See accompanying notes to the financial statements

Joint Justice Center Joint Powers Board	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 366,038	\$ 615,410	\$ 33,105,991
-	-	30,043,678
-	439	29,967,285
-	17,836	57,563
100,482	245,792	2,183,928
-	1,164	2,185,358
-	-	370,043
76,022	37,045	183,216
-	-	271,382
<u>\$ 542,542</u>	<u>\$ 917,686</u>	<u>\$ 98,368,444</u>
\$ 183,054	\$ -	\$ 1,111,960
-	739,725	2,185,358
-	-	321,114
-	-	271,382
-	10,019	10,019
<u>183,054</u>	<u>749,744</u>	<u>3,899,833</u>
-	439	29,890,113
39,594	-	609,594
<u>39,594</u>	<u>439</u>	<u>30,499,707</u>
-	-	370,043
76,022	37,045	183,216
-	599,597	599,597
-	-	1,645,159
-	-	192,753
243,872	-	853,988
-	-	9,249,920
-	40,256	45,310,510
-	(509,395)	5,563,718
<u>319,894</u>	<u>167,503</u>	<u>63,968,904</u>
<u>\$ 542,542</u>	<u>\$ 917,686</u>	<u>\$ 98,368,444</u>

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CONVERSE COUNTY, WYOMING

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

June 30, 2020

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

Total fund balances - governmental funds		\$ 63,968,904
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.		76,196,343
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.		
Difference in unavailable other revenue		609,594
Difference in unavailable property tax revenue		1,593,685
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.		84,446
Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds.		
Pension plan items - deferred outflows of resources	\$ 4,740,939	
Pension plan items - deferred inflows of resources	<u>(4,784,092)</u>	(43,153)
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	(58,686)	
Compensated absences	(391,126)	
Net pension liability	<u>(7,218,796)</u>	<u>(7,668,608)</u>
Net position of governmental activities		<u><u>\$ 134,741,211</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, 2020

	General Fund	County Roads Fund	Capital Projects Fund
Revenues			
Taxes	\$ 31,659,395	\$ -	\$ -
Licenses and permits	1,908,282	-	-
Intergovernmental revenues	12,793,985	442,355	7,020
Charges for services	207,717	-	-
Investment income	823,425	13,010	27,077
Miscellaneous revenues	176,474	-	-
Total revenues	<u>47,569,278</u>	<u>455,365</u>	<u>34,097</u>
Expenditures			
Current			
General government	13,803,662	-	-
Public safety	5,468,195	-	-
Public works	4,230,317	-	-
Health, welfare and recreation	505,840	-	-
Conservation of natural resources	143,610	-	-
Capital outlay	1,571,544	8,603,000	2,072,697
Total expenditures	<u>25,723,168</u>	<u>8,603,000</u>	<u>2,072,697</u>
Excess (deficiency) of revenues over expenditures	<u>21,846,110</u>	<u>(8,147,635)</u>	<u>(2,038,600)</u>
Other financing sources (uses)			
Transfers in	14,248,171	10,832,576	111,681
Transfers out	(26,371,179)	-	-
Insurance proceeds	24,730	-	-
Proceeds from sale of asset	23,000	-	-
Total other financing sources (uses)	<u>(12,075,278)</u>	<u>10,832,576</u>	<u>111,681</u>
Net changes in fund balances	9,770,832	2,684,941	(1,926,919)
Fund balances, beginning of year	<u>41,835,437</u>	<u>8,210,138</u>	<u>2,907,078</u>
Fund balances, end of year	<u>\$ 51,606,269</u>	<u>\$ 10,895,079</u>	<u>\$ 980,159</u>

See accompanying notes to the financial statements

Joint Justice Center Joint Powers Board	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ 2,895	\$ 31,662,290
-	-	1,908,282
1,235,109	2,075,078	16,553,547
-	-	207,717
-	2,106	865,618
-	10,246	186,720
<u>1,235,109</u>	<u>2,090,325</u>	<u>51,384,174</u>
-	88,998	13,892,660
1,388,404	350,620	7,207,219
-	-	4,230,317
-	334,499	840,339
-	-	143,610
<u>1,132,290</u>	<u>1,763,129</u>	<u>15,142,660</u>
<u>2,520,694</u>	<u>2,537,246</u>	<u>41,456,805</u>
<u>(1,285,585)</u>	<u>(446,921)</u>	<u>9,927,369</u>
1,178,751	-	26,371,179
-	-	(26,371,179)
-	-	24,730
-	-	23,000
<u>1,178,751</u>	<u>-</u>	<u>47,730</u>
(106,834)	(446,921)	9,975,099
<u>426,728</u>	<u>614,424</u>	<u>53,993,805</u>
<u>\$ 319,894</u>	<u>\$ 167,503</u>	<u>\$ 63,968,904</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, 2020

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

Net change in fund balances - total governmental funds		\$ 9,975,099
<p>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:</p>		
Capital asset acquisitions expended in the governmental funds	\$ 7,317,169	
Loss on disposal of assets and adjustment for transfer of assets	(122,498)	
Depreciation expense for the year	<u>(2,608,319)</u>	4,586,352
<p>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:</p>		
Deferred outflows - pension plan items - prior year	(4,847,421)	
Deferred outflows - pension plan items - current year	4,740,939	
Deferred inflows - pension plan items - prior year	1,580,532	
Deferred inflows - pension plan items - current year	<u>(4,784,092)</u>	(3,310,042)
<p>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</p>		
Property tax debt related to change in valuation - prior year	74,620	
Property tax debt related to change in valuation - current year	(58,686)	
Liability for compensated absences - prior year	337,886	
Liability for compensated absences - current year	(391,126)	
Net pension liability - prior year	11,090,438	
Net pension liability - current year	<u>(7,218,796)</u>	3,834,336
<p>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.</p>		
		(481,160)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Difference in unavailable other revenue - prior year	(540,000)	
Difference in unavailable other revenue - current year	609,594	
Difference in unavailable property tax revenue - prior year	(196,364)	
Difference in unavailable property tax revenue - current year	<u>1,593,685</u>	<u>1,466,915</u>
Change in net position of governmental activities		<u><u>\$ 16,071,500</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2020

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 250,252
Investments	639,296
Accounts receivable	206,505
Total assets	<u>1,096,053</u>
LIABILITIES	
Accounts payable	226,607
Incurred but not reported claims	785,000
Total liabilities	<u>1,011,607</u>
NET POSITION	
Unrestricted	<u>84,446</u>
Total net position	<u>\$ 84,446</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, 2020

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 3,186,859
Total operating revenues	<u>3,186,859</u>
Operating expenses	
Medical claims net of reinsurance and fees	3,020,465
Stop loss insurance	658,613
Total operating expenses	<u>3,679,078</u>
Operating loss	<u>(492,219)</u>
Nonoperating revenue	
Interest income	11,059
Total nonoperating revenue	<u>11,059</u>
Change in net position	(481,160)
Net position, beginning of year	<u>565,606</u>
Net position, end of year	<u><u>\$ 84,446</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2020

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from interfund services provided	\$ 3,186,859
Receipts from reinsurance	970,743
Payments to third party administrator for medical costs	(4,213,476)
Net cash and cash equivalents used in operating activities	(55,874)
Cash flows from investing activities	
Interest received	1,616
Net cash and cash equivalents provided by investing activities	1,616
Net decrease in cash and cash equivalents	(54,258)
Cash and cash equivalents, beginning of year	304,510
Cash and cash equivalents, end of year	\$ 250,252
Reconciliation of operating loss to net cash and cash equivalents used in operating activities	
Operating loss	\$ (492,219)
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	(5,747)
Accounts payable	137,092
Claims payable	305,000
Net cash and cash equivalents used in operating activities	\$ (55,874)

See accompanying notes to the financial statements

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CONVERSE COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020**

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,230,543
Property taxes receivable	6,516,244
Due from other governments	<u>43,419</u>
Total assets	<u><u>\$ 9,790,206</u></u>
LIABILITIES	
Due to other taxing units	<u>\$ 9,790,206</u>
Total liabilities	<u><u>\$ 9,790,206</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2020

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 65,601	\$ 12,194,373	\$ 1,429,719
Restricted cash	-	5,920,060	-
Investments	410,768	532,004	-
Property taxes receivable	7,883	-	967,040
Accounts receivable, net	1,356	15,472,404	129,814
Due from other governments	185,239	-	-
Prepaid items and other	-	886,688	-
Inventory	-	2,057,192	317,985
Restricted cash and cash equivalents	-	4,350,315	-
Restricted investments, long-term	30,000	3,344,372	-
Other assets, long-term	-	147,711	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	3,343,511	1,544,044	12,000
Capital assets being depreciated, net of accumulated depreciation	8,170,825	24,551,046	269,657
Total assets	<u>12,215,183</u>	<u>71,000,209</u>	<u>3,126,215</u>
DEFERRED OUTFLOWS OF RESOURCES			
Excess of acquisition over consideration	-	1,383,333	-
Pension plan items	12,759	-	53,797
Total deferred outflows of resources	<u>12,759</u>	<u>1,383,333</u>	<u>53,797</u>
LIABILITIES			
Accounts payable and accrued liabilities	10,558	9,326,190	62,574
Retainage and contracts payable	249,534	-	-
Refundable advance	-	5,920,060	-
Noncurrent liabilities			
Due within one year	-	3,374,436	-
Due in more than one year	-	7,319,879	43,629
Net pension liability	74,756	-	256,812
Total liabilities	<u>334,848</u>	<u>25,940,565</u>	<u>363,015</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	-	-	851,250
Pension plan items	14,114	-	39,975
Total deferred inflows of resources	<u>14,114</u>	<u>-</u>	<u>891,225</u>
NET POSITION			
Net investment in capital assets	11,264,802	22,620,063	281,657
Restricted by donors, nonexpendable	-	-	-
Restricted by donors and others, expendable	30,000	4,880,503	-
Restricted by voters	-	-	-
Unrestricted	584,178	18,942,411	1,644,115
Total net position	<u>\$ 11,878,980</u>	<u>\$ 46,442,977</u>	<u>\$ 1,925,772</u>

See accompanying notes to the financial statements

<u>County Library</u>	<u>County Fair</u>	<u>Total</u>
\$ 1,474,709	\$ 100,363	\$ 15,264,765
-	-	5,920,060
58,354	-	1,001,126
1,519	-	976,442
421,669	-	16,025,243
-	-	185,239
-	-	886,688
-	-	2,375,177
2,350,747	-	6,701,062
3,278,765	-	6,653,137
-	-	147,711
225,883	-	225,883
100,600	-	5,000,155
<u>16,427,112</u>	<u>-</u>	<u>49,418,640</u>
<u>24,339,358</u>	<u>100,363</u>	<u>110,781,328</u>
-	-	1,383,333
263,346	-	329,902
<u>263,346</u>	<u>-</u>	<u>1,713,235</u>
57,288	-	9,456,610
-	-	249,534
-	-	5,920,060
6,249	-	3,380,685
24,201	-	7,387,709
696,266	-	1,027,834
<u>784,004</u>	<u>-</u>	<u>27,422,432</u>
-	-	851,250
270,433	-	324,522
<u>270,433</u>	<u>-</u>	<u>1,175,772</u>
16,420,863	-	50,587,385
581,978	-	581,978
52,475	-	4,962,978
5,769,238	-	5,769,238
723,713	100,363	21,994,780
<u>\$ 23,548,267</u>	<u>\$ 100,363</u>	<u>\$ 83,896,359</u>

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2020

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 818,133	\$ 61,308	\$ 184,517	\$ 758,113
County Hospital	83,452,926	79,233,113	2,318,084	79,477
Weed and Pest Control District	2,558,993	1,167,244	-	-
County Library	2,140,003	3,806	1,946,988	-
County Fair	67,236	-	102,553	-
	<u>\$ 89,037,291</u>	<u>\$ 80,465,471</u>	<u>\$ 4,552,142</u>	<u>\$ 837,590</u>

General Revenues

Property taxes

Unrestricted investment income

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

County Airport	County Hospital	Weed and Pest Control District	County Library	County Fair	Totals
\$ 185,805	\$ -	\$ -	\$ -	\$ -	\$ 185,805
-	(1,822,252)	-	-	-	(1,822,252)
-	-	(1,391,749)	-	-	(1,391,749)
-	-	-	(189,209)	-	(189,209)
-	-	-	-	35,317	35,317
<u>185,805</u>	<u>(1,822,252)</u>	<u>(1,391,749)</u>	<u>(189,209)</u>	<u>35,317</u>	<u>(3,217,405)</u>
7,929	-	1,331,403	-	-	1,339,332
5,890	573,108	41,661	102,811	-	723,470
8,503	23,153	15,629	13,046	-	60,331
<u>22,322</u>	<u>596,261</u>	<u>1,388,693</u>	<u>115,857</u>	<u>-</u>	<u>2,123,133</u>
<u>208,127</u>	<u>(1,225,991)</u>	<u>(3,056)</u>	<u>(73,352)</u>	<u>35,317</u>	<u>(1,058,955)</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>
<u>\$ 11,878,980</u>	<u>\$ 46,442,977</u>	<u>\$ 1,925,772</u>	<u>\$ 23,548,267</u>	<u>\$ 100,363</u>	<u>\$ 83,896,359</u>

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CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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, 2020

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, 2020, the County allocated \$1,056,413 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, 2020

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

Capital Projects Fund is used to account for major construction projects of 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 self-funded 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, 2020

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.

Restricted Cash and Cash Equivalents

The County's restricted cash consists of cash held by the county for the County Clerk and the Clerk of District Court of \$33,274 and \$170,243. Additionally, the County has restricted cash of \$10,789 and \$57,074 for the cash held by the sheriff and jail. The offsetting liability is recorded as cash held for others.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

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

Investments and Restricted Investments (Continued)

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 component units' investments consist of certificates of deposit and some component units have investments restricted by donors and others. 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's patient receivables are uncollateralized customer and third-party payor obligations. Patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after the Hospital's collections procedures. Memorial Hospital of Converse County does not charge interest on the unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient receivables are uncollateralized customer and third-party payor obligations. Patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after the Memorial Hospital of Converse County's collections procedures. Memorial Hospital of Converse County does not charge interest on the unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 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 \$147,711. 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 stated at the lower of cost or realizable value using first-in/first-out (FIFO) method by the County and its component units. The County's inventory consists of gravel. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

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.

In accordance with the alternative approach to depreciating infrastructure assets permitted by GASB Statement No. 34, the County has elected to expense all infrastructure related expenditures, except for those expenditures related to additions to or significant improvement of infrastructure assets, in lieu of depreciating infrastructure assets. In order to utilize the alternative system, the County must maintain an asset management system which assesses asset condition and must maintain infrastructure assets at the condition level established by the County. Capital asset purchases are accounted for as expenditures of the general fund and road construction fund in the governmental fund financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

	<u>Years</u>
Primary Government	
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.

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:

Excess of Acquisition over Consideration – Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred outflow related to excess acquisition over consideration resulted from the purchase of a neurology practice and are amortized over 15 years on a straight-line basis.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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.

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, 2020, was 12 mills, which means that the County has levied to the maximum amount available.

The County’s property tax receivable include wind taxes receivable of \$570,000.

Major Taxpayers

The County’s ten largest taxpayers account for approximately 70% 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 35% of its total revenues from these taxpayers.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

Compensated Absences

All regular, full-time and half-time employees who work at least twenty hours accrue monthly paid vacation. Employees accumulate vacation leave hours monthly based on number of years of service with the County. Full-time employees are entitled to 12 vacation days for 0 to 5 years of service, 15 vacation days for 6 to 10 years of service, and 20 ¼ days for 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.

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.

The Memorial Hospital of Converse County's employees earn paid time-off days at varying rates depending on years of service. Employees may accumulate paid time-off up to a specified maximum. Employees are paid for accumulated paid time-off upon termination. The liability for compensated absences is included with accrued salaries and benefits in the accompanying financial statements.

Fund Equity/Net Position

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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, 2020.

Indigent Care

Wyoming Statute 18-08-106 requires Memorial hospitals to provide “resident indigent patient care” and assumes that such patients have an inability to pay for the medical services provided. Quite simply the statute requires the Memorial Hospital of Converse County to provide customary and usual medical services to these patients without compensation. The term “Indigent” is not further defined in the statute but is generally constructed to include anyone in the county with the inability to pay for his or her medical care regardless of the reason. The statute with subsequent amendments does not provide a mechanism for compensation to the Hospital. Total cost of indigent care is calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with those that qualify for the Hospitals financial assistance program. The care provided to individuals that qualified for our financial assistance program had an estimated cost of providing these services was approximately \$821,000 for the year ended June 30, 2020.

Net Patient Service Revenue

Memorial Hospital of Converse County has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Memorial Hospital of Converse County has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Memorial Hospital of Converse County is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost reimbursed methodology with a final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). Memorial Hospital of Converse County’s Medicare cost reports have been audited by the MAC through the year ended June 30, 2017. Clinical services are paid on a cost basis or fixed fee schedule.
- Medicaid: Inpatient and outpatient services rendered to patients covered by the state Medicaid program are reimbursed on a prospectively determined per diem rate or established fee.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 (Continue)

- Blue Cross: Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to retroactive adjustment.
- Other: Memorial Hospital of Converse County has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to Memorial Hospital of Converse County under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Concentration of gross revenues by major payor accounted for the following percentages of Memorial Hospital of Converse County's patient service revenues for the years ended June 30, 2020 are 36% Medicare, 9% Medicaid, 28% Blue Cross, 21% other third-party payors, and 6% self-pay and other.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service increased approximately \$104,000 for the year ended June 30, 2020 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and years that are no longer likely subject to audits, reviews and investigations.

Qualified Rate Adjustments

Memorial Hospital of Converse County participates in the Wyoming Department of Health qualified rate adjustment payment program under which hospitals in the state may elect to make intergovernmental transfers, as determined by the state based on bed size and payor mix. The Wyoming Department of Health uses the intergovernmental transfer to supplement state budget funds for the Medicaid program, which brings matching federal monies into the program, enabling the State of Wyoming to fund Medicaid payments to hospitals at a higher rate than would otherwise be possible. Memorial Hospital of Converse County paid approximately \$805,000 for the year ended June 30, 2020, which were recorded net of the related revenues. Memorial Hospital of Converse County received approximately \$1,600,000 and \$1,042,000 of supplemental payments for the years ended June 30, 2020 and 2019, which are recorded as part of net patient service revenue. Net revenue included in patient service revenue (loss) was (\$211,000) and \$1,563,000 for the years ended June 30, 2020 and 2019. Receivable amounts related to this program were approximately \$644,000 and \$1,610,000 for the years ended June 30, 2020 and 2019, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

Accounting Estimates

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

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for 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, 2020, the fiduciary funds had bank balances of \$3,247,585 which were fully collateralized or insured.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits and Investments (Continued)

As of June 30, 2020, the carrying amount of the County’s bank deposits was \$33,627,625 and the bank balance was \$40,019,532. 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, 2020 include certificates of deposits of \$15,400,064 all of which were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2020, the carrying amount of the County Airport’s bank deposits was \$65,601 and the bank balance was \$65,601. There was no difference between the carrying amount and the bank balance due to the transactions in transit. All bank deposits at June 30, 2020 were covered by insurance or collateral held in joint custody with the financial institution. All deposits of the Memorial Hospital of Converse County bank deposits at June 30, 2020 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2020, the carrying amount of the Weed and Pest’s bank deposits was \$1,429,569 and the bank balance was \$2,002,894. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All bank deposits at June 30, 2020 were covered by insurance or collateral held in joint custody with the financial institution. As of June 30, 2020, the carrying amount of the County Library’s bank deposits was \$2,623,588 and the bank balance was \$2,516,093. The difference between the carrying amount and the bank balance is the result of the transactions in transit and amounts held at WYOSTAR. The Library also has certificates of deposit included with the carrying cash balances and bank deposit of \$201,296. All bank deposits at June 30, 2020 were covered by insurance or collateral held in joint custody with the financial institution.

As of June 30, 2020, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
State Treasurer's						
Investment pools						
WYO-STAR	\$ 4,129,119	2.16 - 4.44%	\$ 4,129,119	\$ -	\$ -	Not rated
WGIF	6,541,497	0.36%	6,541,497	-	-	AAAm
Money market	550,994	0.10%	550,994	-	-	N/A
Certificates of deposit	15,400,064	.30% - 2.8%	8,080,615	7,319,449	-	N/A
GSE notes	4,061,300	.80% to 2.57%	-	4,061,300	-	AA+
Total	<u>\$ 30,682,974</u>		<u>\$ 19,302,225</u>	<u>\$ 11,380,749</u>	<u>\$ -</u>	

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2. Deposits and Investments (Continued)

As of June 30, 2020, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
Money market	\$ 935,625	1.24%	\$ 935,625	\$ -	\$ -	N/A
Certificates of deposit	6,718,638	1.00% - 2.44%	3,374,266	-	3,344,372	N/A
Total	<u>\$ 7,654,263</u>		<u>\$ 4,309,891</u>	<u>\$ -</u>	<u>\$ 3,344,372</u>	

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

Interest Rate Risk

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

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, 2020, the County had 50% of its investments in certificates of deposit, 21% in WGIF, 13% in WYOSTAR, and 13% in government sponsored enterprises. Of the certificates of deposit 88% are held at one bank. The component units had 88% of their investments in certificates of deposit.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. 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.

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, 2020:

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, 2020			
	Level 1	Level 2	Level 3	Total
GSE notes	\$ -	\$ 4,061,300	\$ -	\$ 4,061,300
WYO-STAR investment pool	-	4,129,119	-	4,129,119
Total investments at fair value	\$ -	\$ 8,190,419	\$ -	8,190,419
Other investments reported in the following classifications				
Certificates of deposit				15,400,064
Money market funds - WGIF				6,541,497
Money market funds - other				550,994
Total primary government investments				\$ 30,682,974

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2. Interfund Balances and Transfers

Interfund and intra-entity receivables and payables at June 30, 2020 are as follows:

	Receivable	Payable
General Fund	\$ 2,184,194	\$ 1,920
County Roads Fund	-	13,473
Capital Projects	-	1,430,240
Non Major Funds		
TANF Grant	1,164	-
Other Grants	-	1,164
HAHR Grant	-	6,350
MCH Grant	-	11,688
Impact Assistance Grant	-	655,997
Prevention Grant	-	64,526
	\$ 2,185,358	\$ 2,185,358

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	\$ 14,248,171	\$ 26,371,179
County Roads Fund	10,832,576	-
Capital Projects Fund	111,681	-
Joint Justice Center Joint Powers Board	1,178,751	-
	\$ 26,371,179	\$ 26,371,179

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 3. 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 \$9,530 during the year ended June 30, 2020. 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 \$225,883 as of June 30, 2020.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,681,317	\$ -	\$ -	\$ -	\$ 1,681,317
Infrastructure	-	3,968,576	-	26,909,294	30,877,870
Construction in progress	4,219,118	4,383,460	3,741,337	-	4,861,241
Total capital assets, not being depreciated	<u>5,900,435</u>	<u>8,352,036</u>	<u>3,741,337</u>	<u>26,909,294</u>	<u>37,420,428</u>
Capital assets being depreciated					
Infrastructure	80,975,317	-	-	80,975,317	-
Buildings and building improvements	37,252,341	53,250	-	-	37,305,591
Machinery, equipment, and office fixtures	16,419,639	2,653,220	527,389	-	18,545,470
Total capital assets being depreciated	<u>134,647,297</u>	<u>2,706,470</u>	<u>527,389</u>	<u>80,975,317</u>	<u>55,851,061</u>
Less accumulated depreciation for					
Infrastructure	54,064,130	1,893	-	54,066,023	-
Buildings and building improvements	4,997,986	992,173	-	-	5,990,159
Machinery, equipment, and office fixtures	9,875,626	1,614,253	404,891	-	11,084,988
Total accumulated depreciation	<u>68,937,742</u>	<u>2,608,319</u>	<u>404,891</u>	<u>54,066,023</u>	<u>17,075,147</u>
Total capital assets being depreciated, net	<u>65,709,555</u>	<u>98,151</u>	<u>122,498</u>	<u>26,909,294</u>	<u>38,775,914</u>
Governmental activities, capital assets, net	<u>\$ 71,609,990</u>	<u>\$ 8,450,187</u>	<u>\$ 527,389</u>	<u>\$ 53,818,588</u>	<u>\$ 76,196,342</u>

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

Governmental activities	
General government	\$ 160,476
Public safety	1,521,648
Public works	901,883
Health, welfare, and recreation	23,301
Conservation of natural resources	1,011
Total depreciation expense - governmental activities	<u>\$ 2,608,319</u>

On July 1, 2019, the County adopted the modified approach to account for its infrastructure and as of that date accumulated depreciation was netted with the cost of the infrastructure and reported as capital assets not being depreciated.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4 Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2020, 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	2,379,080	847,488	2,624,118	602,450
Total capital assets not being depreciated	<u>5,120,141</u>	<u>847,488</u>	<u>-</u>	<u>3,343,511</u>
Capital assets being depreciated				
Improvements other than buildings	16,443,889	-	-	16,443,889
Buildings, building improvements and runways	541,812	2,624,118	-	3,165,930
Machinery, equipment and office fixtures	126,837	27,192	2,993	151,036
Total capital assets being depreciated	<u>17,112,538</u>	<u>2,651,310</u>	<u>2,993</u>	<u>19,760,855</u>
Less accumulated depreciation	<u>10,975,392</u>	<u>617,631</u>	<u>2,993</u>	<u>11,590,030</u>
Total capital assets being depreciated, net	<u>6,137,146</u>	<u>2,033,679</u>	<u>-</u>	<u>8,170,825</u>
Capital assets, net	<u>\$ 11,257,287</u>	<u>\$ 2,881,167</u>	<u>\$ -</u>	<u>\$ 11,514,336</u>

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2020, 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	400,598	7,080	25,203	382,475
Total capital assets being depreciated, net	<u>758,235</u>	<u>7,080</u>	<u>25,203</u>	<u>740,112</u>
Less accumulated depreciation	<u>454,295</u>	<u>41,363</u>	<u>25,203</u>	<u>470,455</u>
Total capital assets being depreciated, net	<u>303,940</u>	<u>(34,283)</u>	<u>-</u>	<u>269,657</u>
Capital assets, net	<u>\$ 315,940</u>	<u>\$ (34,283)</u>	<u>\$ -</u>	<u>\$ 281,657</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Library for the year ended June 30, 2020, 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	487,651	799,107	1,286,758	-
Total capital assets, not being depreciated	588,251	799,107	1,286,758	100,600
Capital assets being depreciated				
Buildings and building improvements	16,331,354	1,286,758	-	17,618,112
Machinery, equipment and office fixtures	518,079	-	-	518,079
Collection	595,924	67,918	21,332	642,510
Total capital assets being depreciated	17,445,357	1,354,676	21,332	18,778,701
Less accumulated depreciation	1,883,423	489,498	21,332	2,351,589
Total capital assets being depreciated, net	15,561,934	865,178	-	16,427,112
Capital assets, net	<u>\$ 16,150,185</u>	<u>\$ 1,664,285</u>	<u>\$ 1,286,758</u>	<u>\$ 16,527,712</u>

Approximately \$24,370 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$5,280 is included in the depreciation expense.

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2020, 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	1,275,507	-	1,064,858	210,649
Total capital assets, not being depreciated	2,679,463	-	1,064,858	1,614,605
Capital assets being depreciated				
Improvements other than buildings	77,469	27,664	-	105,133
Building	38,769,104	1,020,965	(138,877)	39,928,946
Equipment	32,164,357	1,459,960	(643,884)	34,268,201
Total capital assets being depreciated, net	71,010,930	2,508,589	(782,761)	74,302,280
Less accumulated depreciation	46,257,878	3,846,013	282,096	49,821,795
Total capital assets being depreciated, net	24,753,052	(1,337,424)	(1,064,857)	24,480,485
Capital assets, net	<u>\$ 27,432,515</u>	<u>\$ (1,337,424)</u>	<u>\$ 1</u>	<u>\$ 26,095,090</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5. 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 \$47,160,712 at June 30, 2020. 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, 2020:

	<u>Balance June 30, 2019</u>	<u>New Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities					
Property tax repayment	\$ 74,620	\$ 4,744	\$ 20,678	\$ 58,686	\$ 21,150
Incurred but not reported claims payable	480,000	785,000	480,000	785,000	785,000
Compensated absences	337,886	53,236	-	391,126	15,423
	<u>892,506</u>	<u>842,980</u>	<u>500,678</u>	<u>1,234,812</u>	<u>821,573</u>
Net pension liability	11,090,438	-	3,871,642	7,218,796	-
	<u>\$ 11,982,944</u>	<u>\$ 842,980</u>	<u>\$ 4,372,320</u>	<u>\$ 8,453,608</u>	<u>\$ 821,573</u>

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

	<u>Balance June 30, 2019</u>	<u>New Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Component Units					
Notes payable	\$ 6,201,824	\$ -	\$ 1,851,509	\$ 4,350,315	\$ 875,288
Notes payable - PPP	-	6,344,000	-	6,344,000	2,499,148
Retainage	101,592	-	101,592	-	-
Capital leases	11,798	-	5,549	6,249	6,249
Compensated absences	55,450	12,543	163	67,830	-
	<u>6,370,664</u>	<u>6,356,543</u>	<u>1,958,813</u>	<u>10,768,394</u>	<u>3,380,685</u>
Net pension liability	1,254,161	-	226,327	1,027,834	-
	<u>\$ 7,624,825</u>	<u>\$ 6,356,543</u>	<u>\$ 2,185,140</u>	<u>\$ 11,796,228</u>	<u>\$ 3,380,685</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, 2020

Note 5. 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, 2020, the County was required to pay back its portion of \$489,058 in property taxes over the next six years due to a NOVC. The estimated impact on the County's General Fund is between 12% and 20% of that total, or \$58,686.

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

Year Ending June 30,	
2021	\$ 21,150
2022	20,128
2023	14,750
2024	2,658
	\$ 58,686

Long-Term Debt Memorial Hospital of Converse County

Memorial Hospital of Converse County borrowed \$8,500,000 in order to complete construction of the new medical office building. The note payable requires annual payments of \$1,000,000 with interest at 2.85% and matures on July 1, 2024. Memorial Hospital of Converse County has pledged \$5,500,000 in certificates of deposit as collateral on the notes payable.

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

Year ending June 30,	Principal	Interest	Total
2021	\$ 875,288	\$ 124,712	\$ 1,000,000
2022	900,980	99,020	1,000,000
2023	926,658	73,342	1,000,000
2024	953,067	46,933	1,000,000
2025	913,035	19,824	932,859
	\$ 4,569,028	\$ 363,831	\$ 4,932,859

Memorial Hospital of Converse County 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. This note was paid in full during 2020.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5. Long-term Debt (Continued)

Paycheck Protection Program (PPP Loan)

The Memorial Hospital of Converse County was granted a \$6,344,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Hospital is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Hospital has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended June 30, 2020. The Hospital will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments commencing upon notification of forgiveness or partial forgiveness. Amounts shown as current are determined based on repayment schedule in the event forgiveness is not obtained. Noncurrent amounts due are entirely payable in 2021.

Capital Leases - Component Units – 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.

	\$ 6,249
	\$ 6,249

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2020 are as follows:

	Year Ending June 30,	
	2021	
Total minimum lease payments	\$ 6,660	6,660
Less: amount representing interest		411
Present value of minimum lease payments		\$ 6,249

Note 6. Defined Benefit and Contribution Pension Plans

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:

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. Defined Benefit and Contribution Pension Plans (Continued)

Public Employees' Pension Plan

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan 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 8.75% of their annual covered salary and the County is required to contribute 8.87% 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, 2020, 2019 and 2018 were \$748,492, \$701,257, and \$614,441, equal to the required contributions for each year. As of July 1, 2020, the required employer contribution rate will increase by 0.25% from 8.87% to 9.12% and the required employee contribution rate will increase by 0.25% from 8.75% to 9.00%.

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, 2020, 2019, and 2018 were \$34,991, \$32,500, \$29,980, equal to the required contributions for the year. The Library's contributions to PEPP for the years ended June 30, 2020, 2019, and 2018 were \$104,833, \$91,872, and \$89,007 equal to the required contributions for the year. The Airport's contributions to PEPP for the years ended June 30, 2020 and 2019 and 2018 were \$9,900, \$9,600, and \$8,000, 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 9/1/2012), 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, 2020

Note 6. 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 defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. The LEPP covers any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

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

The LEPP is funded by amounts withheld from participating employees' salaries and by contributions from the County. These contributions are determined by state statutes and, as of June 30, 2020, the percentage to be contributed on compensation were 8.60% for the employees and the same for the County. The County currently pays 100% of the required contribution. The County's contributions to the Law Enforcement Pension Plan for the years ended June 30, 2020, 2019, and 2018 were \$539,600, \$511,984, \$454,758, equal to the required contributions for each year. As of July 1, 2020, the employer and employee contribution rates will increase by 0.25% each.

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

At June 30, 2020, the County reported a total liability of \$7,218,796 for its proportionate share of the net pension liability. The County's component units: Library, Weed and Pest, and Airport reported: \$696,266, \$256,812, and \$74,756, respectively, for their proportionate share on the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2019 applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covered the five year period ending December 31, 2016. The net pension liability as of December 31, 2019 is based on the results of an actuarial valuation as of January 1, 2019, rolled forward to a measurement date of December 31, 2019 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, 2020, the proportionate portion at the measurement date of December 31, 2019, and the change in the proportion from the previous measurement date.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. 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, 2020	Proportion at December 31, 2019	Increase (decrease) from December 31, 2018
County			
Public Employees' Pension Plan	\$ 5,574,688	0.237228188%	0.016950944%
County - Sheriff			
Law Enforcement Pension Plan	\$ 1,644,108	1.907345700%	0.096996088%
Public Employees' Pension Plan			
Library	\$ 696,266	0.029629255%	0.002435543%
Weed and Pest	\$ 256,812	0.010900000%	0.0000000%
Airport	\$ 74,756	0.003181200%	0.000151800%

For the year ended June 30, 2020, the County and its component units the Library, Weed and Pest, and Airport recognized pension expense of \$726,494, (\$62,755), \$22,211, and \$16,800, respectively.

At June 30, 2020, 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	\$ 1,016,769	\$ (1,880,163)	\$ 724,946	\$ (1,308,817)	\$ 1,741,715	\$ (3,188,980)
Difference due to changes in assumptions	175,226	-	1,263,990	(1,641,489)	1,439,216	(1,641,489)
Difference between actual and expected experience rate	-	(101,560)	292,505	(123,652)	292,505	(225,212)
Change in employer's proportion	447,109	-	166,542	271,589	613,651	271,589
Amortizing deferred outflows and deferred inflows	1,639,104	(1,981,723)	2,447,983	(2,802,369)	4,087,087	(4,784,092)
Contributions subsequent to the measurement date	378,895	-	274,957	-	653,852	-
Total	\$ 2,017,999	\$ (1,981,723)	\$ 2,722,940	\$ (2,802,369)	\$ 4,740,939	\$ (4,784,092)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. 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 \$653,852 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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
2021	\$ 676,600	\$ 945,867	\$ 1,622,467
2022	523,014	887,748	1,410,762
2023	439,490	571,442	1,010,932
2024	-	42,926	42,926
	<u>\$ 1,639,104</u>	<u>\$ 2,447,983</u>	<u>\$ 4,087,087</u>

Year ended June 30,	Deferred Inflows		
	PEPP	LEPP	Total
2021	\$ (627,972)	\$ (936,333)	\$ (1,564,305)
2022	(604,942)	(868,750)	(1,473,692)
2023	(377,129)	(651,604)	(1,028,733)
2024	(371,680)	(345,682)	(717,362)
	<u>\$ (1,981,723)</u>	<u>\$ (2,802,369)</u>	<u>\$ (4,784,092)</u>

The County's component units: Library, Weed and Pest, and Airport reported \$53,810 \$17,626, and \$2,480, 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, 2021. 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	\$ 125,584	\$ (239,264)
Difference due to changes in assumption	23,861	-
Difference between actual and expected experience rate	-	(12,991)
Change in employer's proportion	60,091	(18,178)
Amortizing deferred outflows and deferred inflows	209,536	(270,433)
Contributions subsequent to the measurement date	53,810	-
Total	<u>\$ 263,346</u>	<u>\$ (270,433)</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. 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	\$ -	\$ (35,405)
Difference between actual and expected experience rate	-	(4,570)
Change in employer's proportion	28,429	-
Difference due to changes in assumption	7,742	-
Amortizing deferred outflows and deferred inflows	36,171	(39,975)
Contributions subsequent to the measurement date	17,626	-
Total	\$ 53,797	\$ (39,975)

County Airport	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (1,371)
Difference between actual and expected experience rate	-	(11,118)
Change in employer's proportion	7,980	(1,625)
Difference due to changes in assumption	2,299	-
Amortizing deferred outflows and deferred inflows	10,279	(14,114)
Contributions subsequent to the measurement date	2,480	-
Total	\$ 12,759	\$ (14,114)

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)	
2021	\$ 90,574	\$ (89,790)	\$ 16,813	\$ (11,377)	\$ 2,570	\$ (1,650)
2022	62,934	(87,121)	12,393	(10,718)	2,570	(3,070)
2023	56,028	(47,101)	7,159	(756)	2,570	(1,841)
2024	-	(46,421)	(194)	(17,124)	2,569	(7,553)
	\$ 209,536	\$ (270,433)	\$ 36,171	\$ (39,975)	\$ 10,279	\$ (14,114)

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. Defined Benefit and Contribution Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 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, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	29 years
Asset valuation method	5 Year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	4.75% to 8.75%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012-2016
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP / LEPP	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
PEPP / LEPP	Males: No set back with a 100% multiplier Females: No set back with a 100% multiplier

The plan's trustees adopted the assumed rate of investment return 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, 2019. In addition, a five-year 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 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2019. These best estimates are summarized in the following table:

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6. Defined Benefit and Contribution Pension Plans (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
Total	<u>100.00%</u>	<u>3.99%</u>	<u>5.30%</u>

Discount Rate

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

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but no later than the measurement date of the “state and local bonds” rate from the Federal Reserve statistical release (H.15); and the resulting single discount rates listed above.

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	\$ 8,422,412	\$ 5,574,688	\$ 3,197,999
Component Units			
Library	\$ 1,051,940	\$ 696,266	\$ 399,423
Weed and Pest	\$ 387,999	\$ 256,812	\$ 147,324
Airport	\$ 112,943	\$ 74,756	\$ 42,885
Pension Plan	<u>(6.00)%</u>	<u>(7.00)%</u>	<u>(8.00)%</u>
Law Enforcement Pension Plan	\$ 3,665,274	\$ 1,644,108	\$ (8,158)

Payables to the pension plan – At June 30, 2020, the County and its component units did not have any payables to the pension plans.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6 Defined Benefit and Contribution Pension Plans (Continued)

Retirement Plan – Memorial Hospital of Converse County

In 2009, Memorial Hospital of Converse County established a defined contribution profit sharing plan covering substantially all employees who have over 1,000 hours of service within the first anniversary year of employment or subsequent plan year. The Memorial Hospital of Converse County Retirement Plan (Plan) is administered by a 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 allows for eligible employees to contribute a percentage of pre-tax annual compensation as defined in the Plan. Memorial Hospital of Converse County makes a discretionary matching percentage on the participant's eligible contributions for the Plan year. Memorial Hospital of Converse County may also make an optional profit-sharing contribution subject to certain limitations imposed by the Internal Revenue Service.

Participants are immediately vested in their voluntary contribution plus actual earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is 100% vested after six years of service. 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 the Hospital. The discretionary contributions to the Plan were approximately \$1,815,000, \$1,696,000, and \$1,452,000 for the years ended June 30, 2020, 2019, and 2018.

Note 7. 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 \$19,000 per participant, and \$25,000 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 2020.

Note 8. County Fund Balance

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

Building/maintenance reserve	\$ 33,367,703
Equipment reserve	3,595,428
Salary reserve	2,114,745
Loans reserve	83,812
Operating reserve	3,972,806
Depreciation reserve	2,135,760
	<u>\$ 45,270,254</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9. 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.

Memorial Hospital of Converse County is subject to the usual contingencies in the normal course of operations relating to the performance of task under its various programs. In the opinion of management, the ultimate settlement of litigation, claims and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

The County approved a contract including change orders with GSG Architecture in the amount of \$2,351,124 for the construction of the Joint Justice Center Phase II. As of June 30, 2020, \$518,709 has been included in construction in progress related to this contract.

The County approved a contract including change orders with Caspar Building System for the construction of the new Road and Bridge building. As of June 30, 2020, \$730,690 has been included in the construction in progress related to this contract.

The County approved a contract with Knife River in the amount of \$6,319,154 for the reconstruction of East Antelope Road. As of June 30, 2020, \$1,486,807 has been included in construction in progress related to this contract.

Note 10. 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 \$69,472.

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, as well as for the Joint Justice Center. Premiums paid for these coverages by the County totaled \$55,175 and \$39108, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10. Risk Management Programs (Continued)

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 2020 was approximately \$230,519.

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 2020 and 2019 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2020	2019
Unpaid claims, beginning of year	\$ 1,843	\$ 1,900
Claims incurred	18,031	4,693
Claims paid	(14,035)	(4,750)
Unpaid claims, end of year	\$ 5,839	\$ 1,843

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 \$55,000 per year. The maximum specific reimbursement per person is unlimited per policy period.

Premiums paid for stop-loss insurance were approximately \$658,613. Estimated medical claims are calculated by the plan administrator based on past historical experience and current economic events. Claims are usually paid within one year of submission.

Changes in the County's health care risk management liability during the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Incurring but not reported claims payable, beginning of year	\$ 480,000	\$ 115,000
Claims incurred	2,657,632	2,700,002
Claims paid	(2,352,632)	(2,335,002)
Incurring but not reported claims payable, end of year	\$ 785,000	\$ 480,000

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, 2020.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10. Risk Management Programs (Continued)

Memorial Hospital of Converse County is self-funded for health benefits for eligible employees and their dependents. The Hospital has stop loss insurance to cover catastrophic claims in excess of \$80,000 per claim and an annual aggregate limit of \$1,000,000 for the plan year ended June 30, 2020. During the fiscal year ended June 30, 2020, the total claims and administrative fees were \$4,199,698 and the estimate of incurred but not reported claims was \$311,615.

Memorial Hospital of Converse County is exposed to various risks of loss from torts; theft of, damage, of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. Memorial Hospital of Converse County has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Note 11. 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 2020 was \$13,018.

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, 2020 the County provided \$1,178,751 in support of the Joint Justice Center Joint Powers Board.

The County received \$857,719 from the City of Douglas as its share of the operations and communications cost of the Joint Justice Center and \$128,189 from the Town of Glenrock as a contribution for communication software. Also, during the fiscal year ended June 30, 2020, the County paid to the City of Douglas \$1,433,798 including interest related to their initial contribution and excess cost related to the construction of the Joint Justice Center.

During the fiscal year ended June 30, 2020, the County provided \$157,325 and \$1,635,000, in support to the Converse County Airport and Converse County Library, respectively. Additionally, during the fiscal year ended June 30, 2020 the County paid \$2,525,000 to the Memorial Hospital of Converse County. This amount included a \$650,000 advance which was repaid during fiscal year 2020.

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, 2020 amounted to approximately \$5,600.

Memorial Hospital of Converse County is a 40% owner in Big County Rehabilitation, LLC. Big County 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, 2020, Memorial Hospital of Converse County paid Big County Rehabilitation, LLC approximately \$543,811 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 received funding from the Foundation in the amount of \$89,107.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12. Deficit Fund Balances

The County's HIV Grant, Maternal Child, and Impact Assistance funds had deficit fund balances at June 30, 2020. As of June 30, 2020, 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 13. Provider Relief Funds

The Memorial Hospital of Converse County received approximately \$5,800,000 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has a deadline to incur eligible expenses of June 30, 2021. Unspent funds will be expected to be repaid.

The Memorial Hospital of Converse County also received approximately \$218,000 for its rural health clinics to conduct COVID-19 testing. This funding may only be used for conducting COVID-19 testing and related expenses, including building or construction of temporary structures, leasing of properties, and retrofitting facilities as necessary to support COVID-19 testing.

These funds are considered subsidies and recorded as a liability when received and will be recognized as revenues when all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. During the year ended June 30, 2020, the Hospital recognized approximately \$147,000 from the funds received.

Note 14. 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 were effective for reporting periods beginning after December 15, 2018; however, Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, has provided temporary relief to governments and other stakeholder in light of the COVID-19 pandemic and has postponed the implementation of Governmental Accounting Standards Board Statement 84 by one year. The requirements of this Statement are now effective for reporting periods beginning after December 15, 2019. Management has not completed its assessment of the effects of implementing this standard.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 14. Issued Standards Not Yet Implemented (Continued)

Governmental Accounting Standards Board Statement No. 87, *Leases*, was issued 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 was effective for reporting periods beginning after December 15, 2019; however, Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, has provided temporary relief to governments and other stakeholder in light of the COVID-19 pandemic and has postponed the implementation of Governmental Accounting Standards Board Statement 87 by eighteen months. The requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. Management has not concluded its assessment of the effect of implementing this guidance.

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements. The requirements of the Statement are effective for reporting periods after June 15, 2021. Management has not completed its assessment of the effects of implementing this standard.

Note 15. Risks and Uncertainties

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on our operations and financial results will depend on future developments, including the duration and spread of the outbreak, and the impact on taxpayers, state funding decisions, employees and vendors, all of which are uncertain.

Note 16. Subsequent Events

Subsequent to June 30, 2020, the County awarded the following projects:

- Chip and seal project in the final amount including change orders of \$746,698.
- Change orders regarding the new Road and Bridge building decreasing the final cost to \$5,490,545.
- Amendment to the Cooperative Agreement between Wyoming Department of Transportation and the County for the Brownfield/Robin Lane project for an additional \$1,612,479 for a total cost of \$3,643,280
- Irvine Road Paving project including change orders for a final project cost of \$2,169,763.

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REQUIRED SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)
June 30, 2020

The County accounts for its infrastructure assets using the modified approach. The infrastructure consists of the road subsystem and the bridge subsystem.

The County manages its road network with an assessment system conducted in-house by the Public Works department. The network is assessed annually. The roads may be rated as being in standard or substandard condition. Standard paved roads will not need major repairs for 10 to 15 years. Substandard paved roads will need major repairs within 0 to 10 years. Standard gravel roads will not need major repairs for 4 years. Substandard gravel roads will need major repairs within 0 to 5 years due to not having the proper structural base.

Effective July 1, 2019, it is the County’s policy to maintain its paved roads with at least 33% rated as standard and to maintain its gravel roads with at least 33% rated as standard. The County added an additional category for dirt/unimproved roads which are not assessed or maintained. The number of miles of paved and gravel rated standard and substandard are as follows:

2020 Condition Rating	Paved		Gravel	
	Miles	Percent	Miles	Percent
Standard	70	77%	479	75%
Sub-standard	21	23%	48	25%
	<u>91</u>	<u>100%</u>	<u>527</u>	<u>100%</u>

The County’s bridges are monitored by the State of Wyoming. The State uses a comprehensive bridge management system (PONTIS) to assist in managing all bridges within the State. Each bridge is inspected at least once every two years. This inspection measures and rates the required National Bridge Inventory (NBI) items, including dimensions, clearances, alignment, waterway data and structural condition. The structural condition is evaluated by using structural elements. Each component of the bridge (girders, deck, railing, columns, piling, etc.) is assigned an element and the condition of each element is evaluated based on several condition assessments. The element data is converted to NBI ratings using a conversion program. The structure’s NBI data is then used to determine its sufficiency rating. The sufficiency rating is calculated by the Federal Highway Administration, and bridges with a sufficiency rating of 80 or less and classified as structurally deficient and/or functionally obsolete are put on the Federal Highway Administration Selection List. Functional obsolescence is a measure of the suitability of the bridge to provide for requirements of traffic both on and under the structure. Structural deficiency is a measure of the condition of the structural elements and the ability of the bridge to carry the anticipated loads. Bridges appearing on the Selection List are considered deficient, whereas those not on the list, are considered good. The bridge subsystem condition assessment is done every year. The County’s policy is to maintain 50% of bridges at fair or better condition.

Using the BMS/NBI conversion program, the NBI data supplied by the State of Wyoming to the Federal Highway Administration results in the Selection List Condition Rating is as follows:

Condition Rating	2020	
	Bridges	Percent
Good (80 to 100 points)	3	8%
Fair (50 to 80 points)	26	72%
Deficient (less than 50 points)	7	20%
	<u>36</u>	<u>100%</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) - GENERAL FUND

(Unaudited)

Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Tax - property	\$ 26,276,480	\$ 26,276,480	\$ 25,867,251	\$ (409,229)
Tax - other	13,933,439	13,933,439	17,505,116	3,571,677
Intergovernmental revenues	523,500	523,500	554,732	31,232
Charges for services	1,185,561	1,185,561	2,087,663	902,102
Investment income	249,300	249,300	839,203	589,903
Economic development	-	-	12,218	12,218
Miscellaneous revenues	1,019,000	1,019,000	2,359,050	1,340,050
Total revenues	43,187,280	43,187,280	49,225,233	6,037,953
Expenditures				
Current				
County Commissioners	442,852	442,852	426,764	16,088
County Clerk	776,757	776,757	713,911	62,846
County Treasurer	657,364	658,930	658,929	1
County Assessor	1,053,605	1,053,605	870,839	182,766
County Sheriff	2,973,693	2,973,693	2,628,714	344,979
County Attorney	1,292,560	1,292,560	1,246,640	45,920
Courthouse/Maintenance	589,884	589,884	387,385	202,499
County Surveyor	116,369	116,369	107,544	8,825
County Coroner	92,965	92,965	78,740	14,225
Agricultural agents	180,605	180,605	147,123	33,482
Clerk of District Court	631,800	631,800	596,750	35,050
County jail	3,098,807	3,098,807	2,650,373	448,434
Road and bridge	4,987,268	4,987,268	4,233,586	753,682
Elections	142,167	142,167	108,756	33,411
Emergency management	228,783	228,783	219,914	8,869
IT	208,685	208,685	112,586	96,099
Health	340,696	340,696	322,192	18,504
Parks and recreation	357,444	357,444	212,704	144,740
Special projects	78,429	78,429	47,501	30,928
Total County departments	18,250,733	18,252,299	15,770,951	2,481,348

(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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General accounts	\$ 5,016,068	\$ 5,192,500	\$ 5,192,500	\$ -
Community aid	616,460	1,109,367	1,109,367	-
Fire departments	1,088,313	1,089,915	1,076,476	13,439
Depreciation reserve	2,135,760	2,135,760	1,595,651	540,109
Total other expenditures	8,856,601	9,527,542	8,973,994	553,548
Total general fund	27,107,334	27,779,841	24,744,945	3,034,896
Building/maintenance reserve	12,718,507	12,718,507	6,193	12,712,314
Equipment reserve	1,000,000	1,000,000	646,381	353,619
Salary reserve	500,000	500,000	-	500,000
Economic development	300,000	300,000	24,714	275,286
Total other funds included with the general fund for financial for reporting	14,518,507	14,518,507	677,288	13,841,219
Total expenditures	41,625,841	42,298,348	25,422,233	16,876,115
Excess (deficiency) of revenues over expenditures	1,561,439	888,932	23,803,000	22,914,068
Other financing uses				
Transfers in	-	-	14,218,507	14,218,507
Transfers out	-	(26,371,179)	(26,371,179)	-
Total other financing uses	-	(26,371,179)	(12,152,672)	14,218,507
Net change in fund balance	1,561,439	(25,482,247)	11,650,328	\$ 37,132,575
Fund balance, beginning of year	38,837,845	38,837,845	38,837,845	
Fund balance, end of year	\$ 40,399,284	\$ 13,355,598	\$ 50,488,173	

See accompanying notes to required supplementary information

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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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,882,224	\$ 1,882,224	\$ 1,099,865	\$ (782,359)
Miscellaneous income	3,250	3,250	543	(2,707)
	<u>1,885,474</u>	<u>1,885,474</u>	<u>1,100,408</u>	<u>(785,066)</u>
Expenditures				
Public safety	1,882,224	1,993,785	2,345,380	(351,595)
Total expenditures	<u>1,882,224</u>	<u>1,993,785</u>	<u>2,345,380</u>	<u>(351,595)</u>
Deficiency of revenues over expenditures	<u>3,250</u>	<u>(108,311)</u>	<u>(1,244,972)</u>	<u>(1,136,661)</u>
Other financing sources				
Transfers in	941,112	941,112	1,178,751	237,639
Total other financing sources	<u>941,112</u>	<u>941,112</u>	<u>1,178,751</u>	<u>237,639</u>
Net change in fund balance	944,362	832,801	(66,221)	<u>\$ (1,374,300)</u>
Fund balance, beginning of year	<u>432,259</u>	<u>432,259</u>	<u>432,259</u>	
Fund balance, end of year	<u>\$ 1,376,621</u>	<u>\$ 1,265,060</u>	<u>\$ 366,038</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)

	2020	2019	2018
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.237228188%	0.220277244%	0.211565155%
Proportionate share of the net pension liability	\$ 5,574,688	\$ 6,708,083	\$ 4,822,290
Covered payroll	\$ 4,123,531	\$ 3,835,808	\$ 3,758,196
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.907345700%	1.810349612%	1.622652523%
Proportionate share of the net pension liability	\$ 1,644,108	\$ 4,382,355	\$ 1,396,203
Covered payroll	\$ 2,972,626	\$ 2,749,897	\$ 2,491,536
Proportionate share of the net pension liability as a percentage of its covered payroll	55.31%	159.36%	56.04%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%
Public Employees Pension Plan - Component Units			
County Library			
Proportion of the net pension liability	0.029629255%	0.027193712%	0.028809576%
Proportionate share of the net pension liability	\$ 696,266	\$ 828,128	\$ 656,669
Covered payroll	\$ 515,019	\$ 473,539	\$ 511,767
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
Weed and Pest Control District			
Proportion of the net pension liability	0.010900000%	0.010900000%	0.009300000%
Proportionate share of the net pension liability	\$ 256,812	\$ 333,779	\$ 213,061
Covered payroll	\$ 189,964	\$ 190,862	\$ 166,052
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
County Airport			
Proportion of the net pension liability	0.003181200%	0.003029400%	0.002774900%
Proportionate share of the net pension liability	\$ 74,756	\$ 92,254	\$ 63,249
Covered payroll	\$ 55,297	\$ 52,753	\$ 49,294
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%

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

2017	2016	2015	2014	2013	2012	2011
0.206237500%	0.198163118%	0.1861788%	*	*	*	*
\$ 4,985,792	\$ 4,615,908	\$ 3,285,484	*	*	*	*
\$ 3,677,019	\$ 3,456,111	\$ 3,182,564	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
1.495636600%	1.457628033%	1.377891923%	*	*	*	*
\$ 1,129,085	\$ 1,094,696	\$ 405,977	*	*	*	*
\$ 2,314,934	\$ 2,192,269	\$ 2,036,398	*	*	*	*
48.77%	49.95%	19.94%	*	*	*	*
88.11%	87.49%	94.76%	*	*	*	*
0.026330700%	0.023557055%	0.026475595%	*	*	*	*
\$ 636,545	\$ 548,726	\$ 467,213	*	*	*	*
\$ 469,451	\$ 410,852	\$ 452,577	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
0.008500000%	0.008697388%	0.009060781%	*	*	*	*
\$ 206,106	\$ 202,592	\$ 159,895	*	*	*	*
\$ 152,007	\$ 151,689	\$ 154,892	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
0.002780300%	0.001547517%	N/A	N/A	N/A	N/A	N/A
\$ 67,214	\$ 36,047	N/A	N/A	N/A	N/A	N/A
\$ 49,572	\$ 26,989	N/A	N/A	N/A	N/A	N/A
135.59%	133.56%	N/A	N/A	N/A	N/A	N/A
73.42%	73.40%	N/A	N/A	N/A	N/A	N/A

CONVERSE COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Fiscal Years

(Unaudited)

	2020	2019	2018
Public Employees Pension Plan - County			
Contractually required contribution	\$ 748,492	\$ 701,257	\$ 614,441
Contributions in relations to the contractually required contributions	(748,492)	(701,257)	(614,441)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,123,531	\$ 4,130,984	\$ 3,758,196
Contributions as a percentage of employee payroll	17.62%	17.12%	16.62%
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 539,600	\$ 511,984	\$ 454,758
Contributions in relations to the contractually required contributions	(539,600)	(511,984)	(454,758)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,972,626	\$ 2,897,233	\$ 2,491,536
Contributions as a percentage of employee payroll	17.20%	17.20%	17.20%
Public Employees Pension Plan - Component Units			
County Library			
Contractually required contribution	\$ 104,833	\$ 91,872	\$ 89,007
Contributions in relations to the contractually required contributions	(104,833)	(91,872)	(89,007)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 515,019	\$ 515,950	\$ 511,767
Contributions as a percentage of employee payroll	17.62%	17.12%	16.62%
Weed and Pest Control District			
Contractually required contribution	\$ 34,991	\$ 32,500	\$ 29,980
Contributions in relations to the contractually required contributions	(34,991)	(32,500)	(29,980)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 210,535	\$ 195,548	\$ 180,385
Contributions as a percentage of employee payroll	17.62%	17.12%	16.62%
County Airport			
Contractually required contribution	\$ 9,900	\$ 9,600	\$ 8,000
Contributions in relations to the contractually required contributions	(9,900)	(9,600)	(8,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 59,567	\$ 57,762	\$ 48,135
Contributions as a percentage of employee payroll	17.62%	17.12%	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

2017	2016	2015	2014	2013	2012	2011
\$ 616,495	\$ 617,692	\$ 536,609	*	*	*	*
(616,495)	(617,692)	(536,609)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 3,709,356	\$ 3,716,558	\$ 3,381,279	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 409,850	\$ 402,167	\$ 357,763	*	*	*	*
(409,850)	(402,167)	(357,763)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 2,382,849	\$ 2,338,180	\$ 2,080,017	*	*	*	*
17.20%	17.20%	17.20%	*	*	*	*
\$ 84,281	\$ 70,380	\$ 71,078	*	*	*	*
(84,281)	(70,380)	(71,078)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 507,106	\$ 423,466	\$ 447,876	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 25,829	\$ 25,081	\$ 25,321	*	*	*	*
(25,829)	(25,081)	(25,321)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 155,409	\$ 150,909	\$ 159,553	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 8,200	\$ 8,800	N/A	N/A	N/A	N/A	N/A
(8,200)	(8,800)	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
\$ 49,338	\$ 52,948	N/A	N/A	N/A	N/A	N/A
16.62%	16.62%	N/A	N/A	N/A	N/A	N/A

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CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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	\$ 31,659,395	\$ 622,736	\$ (32,282,131)	\$ -
Tax - property	-	-	25,867,251	25,867,251
Tax - other	-	-	17,505,116	17,505,116
Licenses and permits	1,908,282	1,799	(1,910,081)	-
Intergovernmental	12,793,985	258,861	(12,498,114)	554,732
Charges for services	207,717	(9,111)	1,889,057	2,087,663
Investment income	823,425	284,957	(269,179)	839,203
Economic development	-	-	12,218	12,218
Miscellaneous revenues	176,474	736,397	1,446,179	2,359,050
	<u>\$ 47,569,278</u>	<u>\$ 1,895,639</u>	<u>\$ (239,684)</u>	<u>\$ 49,225,233</u>
Expenditures				
General government	\$ 13,803,662	\$ (367,580)	\$ (13,436,082)	\$ -
Public safety	5,468,195	30,806	(5,499,001)	-
Public works	4,230,317	3,269	(4,233,586)	-
Health, welfare and recreation	505,840	29,057	(534,897)	-
Conservation of natural resources	143,610	3,513	(147,123)	-
Capital outlay	1,571,544	-	(1,571,544)	-
County Commissioners	-	-	426,764	426,764
County Clerk	-	-	713,911	713,911
County Treasurer	-	-	658,929	658,929
County Assessor	-	-	870,839	870,839
County Sheriff	-	-	2,628,714	2,628,714
County Attorney	-	-	1,246,640	1,246,640
Courthouse	-	-	387,385	387,385
Surveyor	-	-	107,544	107,544
Coroner	-	-	78,740	78,740
Conservation of natural resources	-	-	147,123	147,123
Clerk of District Court	-	-	596,750	596,750
IT	-	-	112,586	112,586
County jail	-	-	2,650,373	2,650,373
Road and bridge	-	-	4,233,586	4,233,586
Elections	-	-	108,756	108,756
Health	-	-	322,192	322,192
Emergency management	-	-	219,914	219,914
Special projects	-	-	47,501	47,501
General accounts	-	-	5,192,500	5,192,500
Depreciation reserve	-	-	1,595,651	1,595,651
Community aid	-	-	1,109,367	1,109,367
Fire suppression	-	-	1,076,476	1,076,476
Equipment reserve	-	-	646,381	646,381
Building and maintenance reserve	-	-	6,193	6,193
Parks and recreation	-	-	212,704	212,704
Economic development	-	-	24,714	24,714
	<u>\$ 25,723,168</u>	<u>\$ (300,935)</u>	<u>\$ -</u>	<u>\$ 25,422,233</u>

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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	\$ 1,235,109	\$ (200,347)	\$ 65,103	\$ 1,099,865
Miscellaneous income	-	(79,000)	79,543	543
	<u>\$ 1,235,109</u>	<u>\$ (279,347)</u>	<u>\$ 144,646</u>	<u>\$ 1,100,408</u>
Expenditures				
Public safety	\$ 2,520,694	\$ (500,563)	\$ 325,249	\$ 2,345,380
	<u>\$ 2,520,694</u>	<u>\$ (500,563)</u>	<u>\$ 325,249</u>	<u>\$ 2,345,380</u>

Budgetary Information

The schedules of revenues, expenditures and changes in fund balance – budget and actual – general fund and Joint Justice Center Joint Powers Board present 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.

During the fiscal year ended June 30, 2020, the County amended the general fund’s budget as follows: 1) increased transfers by \$26,371,179, 2) increased general accounts by \$176,432, 3) increased Treasurer by \$1,566, 4) increased Rural Fire by \$1,602, and 5) increased Community Aid by \$492,907. Additionally, the County increased the following budgets: Joint Justice Center Joint Powers Board’s budget by \$111,561, Capital Project fund’s Building cash reserve by \$1,430, 241, and Special revenue Health Grant fund’s by \$86,124.

CONVERSE COUNTY, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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, 2018 to January 1, 2019.

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

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SUPPLEMENTARY INFORMATION

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CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 15,643	\$ 15,643
Investment income	4,000	4,000	27,077	23,077
	<u>-</u>	<u>-</u>	<u>42,720</u>	<u>38,720</u>
Expenditures				
Capital outlay	4,000,000	5,430,241	3,488,595	1,941,646
Public safety	492,819	492,819	-	492,819
Total expenditures	<u>4,492,819</u>	<u>5,923,060</u>	<u>3,488,595</u>	<u>1,941,646</u>
Deficiency of revenues over expenditures	<u>(4,492,819)</u>	<u>(5,923,060)</u>	<u>(3,445,875)</u>	<u>1,980,366</u>
Other financing sources				
Transfers in	-	1,430,241	127,047	(1,303,194)
Total other financing sources	<u>-</u>	<u>1,430,241</u>	<u>127,047</u>	<u>(1,303,194)</u>
Net change in fund balance	(4,492,819)	(4,492,819)	(3,318,828)	<u>\$ 677,172</u>
Fund balance, beginning of year	<u>3,974,028</u>	<u>3,974,028</u>	<u>3,974,028</u>	
Fund balance, end of year	<u>\$ (518,791)</u>	<u>\$ (518,791)</u>	<u>\$ 655,200</u>	

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2020

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
ASSETS					
Cash and cash equivalents	\$ -	\$ 67,879	\$ 61,752	\$ 294,486	\$ 33,333
Property taxes receivable	-	200	239	-	-
Accounts receivable	-	-	-	17,836	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid maintenance	-	-	-	37,045	-
Total assets	<u>\$ -</u>	<u>\$ 68,079</u>	<u>\$ 61,991</u>	<u>\$ 349,367</u>	<u>\$ 33,333</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	-	200	239	-	-
Total deferred inflows of resources	<u>-</u>	<u>200</u>	<u>239</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	37,045	-
Restricted					
Parks and recreation	-	67,879	-	-	-
Health department	-	-	61,752	-	-
Enhanced 911	-	-	-	312,322	-
Grants	-	-	-	-	33,333
Assigned					
Inmate welfare	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>67,879</u>	<u>61,752</u>	<u>349,367</u>	<u>33,333</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 68,079</u>	<u>\$ 61,991</u>	<u>\$ 349,367</u>	<u>\$ 33,333</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	\$ 8,782	\$ 11,024	\$ 60,348	\$ 40,256	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	12,720	-	6,350	5,738
-	1,164	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 26,371</u>	<u>\$ 9,946</u>	<u>\$ 11,024</u>	<u>\$ 73,068</u>	<u>\$ 40,256</u>	<u>\$ 6,350</u>	<u>\$ 5,738</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,164	-	6,350	11,688
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,164</u>	<u>-</u>	<u>6,350</u>	<u>11,688</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,371	9,946	11,024	71,904	-	-	-
-	-	-	-	40,256	-	-
-	-	-	-	-	-	(5,950)
<u>26,371</u>	<u>9,946</u>	<u>11,024</u>	<u>71,904</u>	<u>40,256</u>	<u>-</u>	<u>(5,950)</u>
<u>\$ 26,371</u>	<u>\$ 9,946</u>	<u>\$ 11,024</u>	<u>\$ 73,068</u>	<u>\$ 40,256</u>	<u>\$ 6,350</u>	<u>\$ 5,738</u>

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CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2020

	WIC Grant	Impact Assistance	HIV Grant	Prevention Grant	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 1,532	\$ -	\$ 9,647	\$ -	\$ 615,410
Property taxes receivable	-	-	-	-	439
Accounts receivable	-	-	-	-	17,836
Due from other governments	-	152,924	-	68,060	245,792
Due from other funds	-	-	-	-	1,164
Prepaid maintenance	-	-	-	-	37,045
Total assets	<u>\$ 1,532</u>	<u>\$ 152,924</u>	<u>\$ 9,647</u>	<u>\$ 68,060</u>	<u>\$ 917,686</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	655,997	-	64,526	739,725
Refundable advances	-	-	10,019	-	10,019
Total liabilities	<u>-</u>	<u>655,997</u>	<u>10,019</u>	<u>64,526</u>	<u>749,744</u>
Deferred inflows of resources					
Unavailable property tax revenue	-	-	-	-	439
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439</u>
Fund balances					
Nonspendable	-	-	-	-	37,045
Restricted					
Parks and recreation	-	-	-	-	67,879
Health department	-	-	-	-	61,752
Enhanced 911	-	-	-	-	312,322
Grants	1,532	-	-	3,534	157,644
Assigned					
Inmate welfare	-	-	-	-	40,256
Unassigned	-	(503,073)	(372)	-	(509,395)
Total fund balances (deficit)	<u>1,532</u>	<u>(503,073)</u>	<u>(372)</u>	<u>3,534</u>	<u>167,503</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,532</u>	<u>\$ 152,924</u>	<u>\$ 9,647</u>	<u>\$ 68,060</u>	<u>\$ 917,686</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2020

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911	K-9
Revenues					
Taxes	\$ -	\$ 1,379	\$ 1,516	\$ -	\$ -
Intergovernmental revenues	-	-	-	150,251	-
Investment income	-	-	313	1,511	178
Miscellaneous revenues	-	1,566	1,810	-	5,020
Total revenues	<u>-</u>	<u>2,945</u>	<u>3,639</u>	<u>151,762</u>	<u>5,198</u>
Expenditures					
General government	15,518	-	-	-	-
Public safety	-	-	-	151,360	1,163
Health, welfare and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>15,518</u>	<u>-</u>	<u>-</u>	<u>151,360</u>	<u>1,163</u>
Net changes in fund balances	<u>(15,518)</u>	<u>2,945</u>	<u>3,639</u>	<u>402</u>	<u>4,035</u>
Fund balances (deficits), beginning of year	<u>15,518</u>	<u>64,934</u>	<u>58,113</u>	<u>348,965</u>	<u>29,298</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 67,879</u>	<u>\$ 61,752</u>	<u>\$ 349,367</u>	<u>\$ 33,333</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Health and Human Resources Grant	Maternal Child
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	11,931	-	187,682	-	72,603	47,846
-	-	-	-	262	-	(158)
-	-	-	1,850	-	-	-
<u>-</u>	<u>11,931</u>	<u>-</u>	<u>189,532</u>	<u>262</u>	<u>72,603</u>	<u>47,688</u>
-	-	-	877	-	72,603	-
-	-	-	187,235	10,862	-	-
-	11,689	-	6,000	-	-	48,410
-	-	-	-	-	-	-
<u>-</u>	<u>11,689</u>	<u>-</u>	<u>194,112</u>	<u>10,862</u>	<u>72,603</u>	<u>48,410</u>
-	242	-	(4,580)	(10,600)	-	(722)
<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>\$ 71,904</u>	<u>\$ 40,256</u>	<u>\$ -</u>	<u>\$ (5,950)</u>

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CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
Year Ended June 30, 2020

	WIC Grant	Impact Assistance	HIV Grant	Prevention Grant	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,895
Intergovernmental revenues	174	1,333,029	14,325	257,237	2,075,078
Investment income	-	-	-	-	2,106
Miscellaneous revenues	-	-	-	-	10,246
Total revenues	<u>174</u>	<u>1,333,029</u>	<u>14,325</u>	<u>257,237</u>	<u>2,090,325</u>
Expenditures					
General government	-	-	-	-	88,998
Public safety	-	-	-	-	350,620
Health, welfare and recreation	-	-	14,697	253,703	334,499
Capital outlay	-	1,763,129	-	-	1,763,129
Total expenditures	<u>-</u>	<u>1,763,129</u>	<u>14,697</u>	<u>253,703</u>	<u>2,537,246</u>
Net changes in fund balances	<u>174</u>	<u>(430,100)</u>	<u>(372)</u>	<u>3,534</u>	<u>(446,921)</u>
Fund balances (deficits), beginning of year	<u>1,358</u>	<u>(72,973)</u>	<u>-</u>	<u>-</u>	<u>614,424</u>
Fund balances (deficits), end of year	<u>\$ 1,532</u>	<u>\$ (503,073)</u>	<u>\$ (372)</u>	<u>\$ 3,534</u>	<u>\$ 167,503</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2020

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 1,227,992	\$ 246,717	\$ 1,474,709
Investments	54,850	3,504	58,354
Property taxes receivable	1,519	-	1,519
Accounts receivable	412,139	9,530	421,669
Restricted cash and cash equivalents	2,232,295	118,452	2,350,747
Restricted investments, long-term	3,135,822	142,943	3,278,765
Beneficial interest in assets held by others	-	225,883	225,883
Capital assets not being depreciated	100,600	-	100,600
Capital assets being depreciated, net of accumulated depreciation	16,427,112	-	16,427,112
Total assets	<u>23,592,329</u>	<u>747,029</u>	<u>24,339,358</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	263,346	-	263,346
Total deferred outflows of resources	<u>263,346</u>	<u>-</u>	<u>263,346</u>
LIABILITIES			
Accounts payable and accrued liabilities	57,288	-	57,288
Noncurrent liabilities			
Due within one year	6,249	-	6,249
Due in more than one year	24,201	-	24,201
Net pension liability	696,266	-	696,266
Total liabilities	<u>784,004</u>	<u>-</u>	<u>784,004</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	270,433	-	270,433
Total deferred inflows of resources	<u>270,433</u>	<u>-</u>	<u>270,433</u>
NET POSITION			
Net investment in capital assets	16,420,863	-	16,420,863
Restricted by donors, nonexpendable	-	581,978	581,978
Restricted by donors, expendable	-	52,475	52,475
Restricted by voters	5,769,238	-	5,769,238
Unrestricted	611,137	112,576	723,713
Total net position	<u>\$ 22,801,238</u>	<u>\$ 747,029</u>	<u>\$ 23,548,267</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, 2020

	<u>Converse County Public Library</u>	<u>Converse County Public Library Foundation</u>	<u>Total</u>
Revenues			
Charges for services	\$ 3,806	\$ -	\$ 3,806
Intergovernmental revenue	1,637,435	-	1,637,435
Miscellaneous	10,720	2,326	13,046
Investment income (loss)	116,674	(13,863)	102,811
Public support	300,000	9,553	309,553
Total revenues	<u>2,068,635</u>	<u>(1,984)</u>	<u>2,066,651</u>
Expenditures			
Current			
Health, welfare and recreation	2,126,898	11,994	2,138,892
Debt service			
Interest	1,111	-	1,111
Total expenditures	<u>2,128,009</u>	<u>11,994</u>	<u>2,140,003</u>
Deficiency of revenues over expenditures	(59,374)	(13,978)	(73,352)
Net position, beginning of year	<u>22,860,612</u>	<u>761,007</u>	<u>23,621,619</u>
Net position, end of year	<u>\$22,801,238</u>	<u>\$ 747,029</u>	<u>\$ 23,548,267</u>

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2021.

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) as a basis for designing 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 a certain deficiency in internal control, described in the accompanying schedule of finding as 2020-001 that we consider to be a material weakness.



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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 financial statements. 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.

County's Response to Findings

The County's response to the finding 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
February 11, 2021

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS

June 30, 2020

Internal Control Matters

Material Weakness in Internal Control over Financial Reporting

2020-001

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 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 individuals 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.

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Board of Commissioners

Converse County, Wyoming

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

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

Schedule of Prior Audit Findings

June 30, 2020

2019-001

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.

2019-002

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 corrected.

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Converse County, Wyoming

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CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS

Finding 2020-001 – 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, 2022.