

CONVERSE COUNTY,
WYOMING

Financial Report and Compliance Report
June 30, 2021





**CONVERSE COUNTY,
WYOMING**

Financial and Compliance Report

June 30, 2021

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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, 2021, 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 80 percent, 77 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, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, Converse County, Wyoming adopted new accounting guidance with the implementation of GASB Statement No. 84, *Fiduciary Activities*. Implementation of the guidance identified the need for new funds and certain activity to be reported differently. Converse County, Wyoming reported a restatement of beginning net position and fund balance for the change in accounting principle. Our opinion is not modified with respect to that matter.

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

The other supplementary information, and the schedule of expenditures of federal awards are 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 April 1, 2022, 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

Casper, Wyoming
April 1, 2022

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**MANAGEMENT'S
DISCUSSION
AND ANALYSIS**

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Converse County, Wyoming
June 30, 2021

**Management's Discussion and Analysis
(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, 2021. 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, 2021 by \$158,697,132 (Net Position). Of this amount \$58,438,418 (Unrestricted Net Position) may be used to meet ongoing obligations, and \$93,206,685 is invested in capital assets, net of related debt.

As of June 30, 2021, the County's governmental funds reported combined fund balances of \$70,359,187. Unassigned fund balance of the governmental fund balance was \$6,372,579.

The fund balance for the general fund was \$25,485,626 as of June 30, 2021, with an unassigned fund balance of \$6,378,905.

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.

**Management's Discussion and Analysis
(Unaudited)**

Government-wide Financial Statements (Continued)

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.

Management's Discussion and Analysis
(Unaudited)

Fund Financial Statements

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

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

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, Joint Justice Center Joint Powers Board, and Health Grants 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

Converse County, Wyoming
June 30, 2021

**Management's Discussion and Analysis
(Unaudited)**

Fund Financial Statements (Continued)

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.

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 \$158,697,132. A large portion of the County's net position (approximately 59%) 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 \$58,438,418 (37%) may be used to meet the County's ongoing obligations.

The County's net position for the governmental activities as of June 30, 2021, was as follows:

	2021	2020	Variance
ASSETS			
Current assets	\$ 99,055,078	\$ 97,279,139	\$ 1,775,939
Capital assets, net of accumulated depreciation	93,206,685	76,196,342	17,010,343
Total assets	<u>192,261,763</u>	<u>173,475,481</u>	<u>18,786,282</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,076,505</u>	<u>4,740,939</u>	<u>(1,664,434)</u>
LIABILITIES			
Current liabilities	4,476,852	2,762,658	(1,714,194)
Due in more than one year	325,488	413,235	87,747
Pension liability	6,504,352	7,218,796	714,444
Total liabilities	<u>11,306,692</u>	<u>10,394,689</u>	<u>(912,003)</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	20,924,429	28,296,428	7,371,999
Pension items	4,410,015	4,784,092	374,077
Unavailable other revenue	-	-	-
	<u>25,334,444</u>	<u>33,080,520</u>	<u>7,746,076</u>
NET POSITION			
Net investment in capital assets	93,206,685	76,196,342	17,010,343
Restricted	7,052,029	2,244,756	4,807,273
Unrestricted	58,438,418	56,300,113	2,138,305
Total net position	<u>\$ 158,697,132</u>	<u>\$ 134,741,211</u>	<u>\$ 23,955,921</u>

**Management's Discussion and Analysis
(Unaudited)*****Government-wide Financial Analysis (Continued)***

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

	2021	Percentage	2020	Percentage	Variance
Revenues					
General					
Taxes					
Property	\$ 28,812,019	52.8%	\$ 26,165,830	49.6%	\$ 2,646,189
Sales	6,900,099	12.7%	9,121,406	17.3%	(2,221,307)
Other	7,997,841	14.7%	10,111,808	19.1%	(2,113,967)
Other grants and contributions	157,198	0.3%	60,522	0.1%	96,676
Payments in lieu of taxes	919,553	1.7%	978,751	1.9%	(59,198)
Investment income	55,491	0.1%	876,672	1.7%	(821,181)
Disposal of capital assets	-	0.0%	(99,498)	-0.2%	99,498
Miscellaneous	131,371	0.2%	68,332	0.1%	63,039
Program Revenues					
Charges for services	1,392,915	2.6%	2,476,233	4.7%	(1,083,318)
Operating grants and contributions	8,140,982	14.9%	2,338,462	4.4%	5,802,520
Capital grants contributions	1,475	0.0%	704,797	1.3%	(703,322)
Total revenues	<u>54,508,944</u>	<u>100.0%</u>	<u>52,803,315</u>	<u>100.0%</u>	<u>1,705,629</u>
Expenses					
General government	13,147,044	43.0%	14,048,547	38.2%	(901,503)
Public safety	7,259,252	23.8%	9,722,490	26.5%	(2,463,238)
Public safety - Joint Justice Center	1,175,988	3.8%	1,850,895	5.0%	(674,907)
Public works	7,256,031	23.8%	9,975,569	27.2%	(2,719,538)
Health, welfare, and recreation	1,580,991	5.2%	992,413	2.7%	588,578
Conservation of natural resources	133,717	0.4%	141,901	0.4%	(8,184)
Total expenses	<u>30,553,023</u>	<u>100.0%</u>	<u>36,731,815</u>	<u>100.0%</u>	<u>(6,178,792)</u>
Changes in net position	23,955,921		16,071,500		<u>\$ 7,884,421</u>
Net position, beginning of year	<u>134,741,211</u>		<u>118,669,711</u>		
Net position, end of year	<u>\$ 158,697,132</u>		<u>\$ 134,741,211</u>		

Financial Analysis of the County's Funds

The County's activities are contained in the General, County Roads, Capital Projects, Joint Justice Center Joint Powers Board, and Health Grants 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, 2021, the County's governmental funds reported combined fund balances of \$70,359,187.

**Management’s Discussion and Analysis
(Unaudited)**

Financial Analysis of the County’s Funds (Continued)

The General Fund is the main operating fund of the County. As of June 30, 2021, the total fund balance was \$25,485,626, while the unassigned General Fund balance was \$6,378,905.

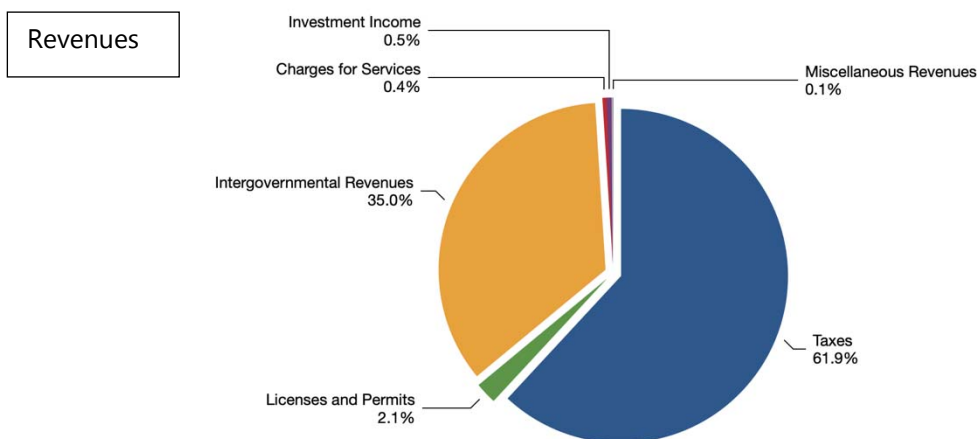
The County Road Fund is used to account for the construction and maintenance of the County roads other than those financed by the General Fund. As of June 30, 2021, the County Roads Fund showed a fund balance of \$10,097,848.

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, 2021, the total fund balance was \$26,620,416, a significant increase from the prior year’s balance of \$980,159. These funds were transferred from the General Fund to cover upcoming expenses associated with the construction of Phase II of the Converse County Joint Justice Center. Construction started in August 2021 and is expected to be completed in February 2023.

Revenues for governmental funds were approximately \$54.2 million for the fiscal year ended June 30, 2021. The following schedule presents revenues by source.

Revenues	2021	Percentage	2020	Percentage	Variance
Taxes	\$ 33,681,195	62.2%	\$ 31,662,290	61.6%	\$ 2,018,905
Licenses and permits	1,155,812	2.1%	1,908,282	3.7%	(752,470)
Intergovernmental revenues	19,034,357	35.1%	16,553,547	32.2%	2,480,810
Charges for services	201,249	0.4%	207,717	0.4%	(6,468)
Investment income	51,748	0.1%	865,618	1.7%	(813,870)
Miscellaneous revenues	55,211	0.1%	186,720	0.4%	(131,509)
Total revenues	\$ 54,179,572	100.0%	\$ 51,384,174	100.0%	\$ 2,795,398

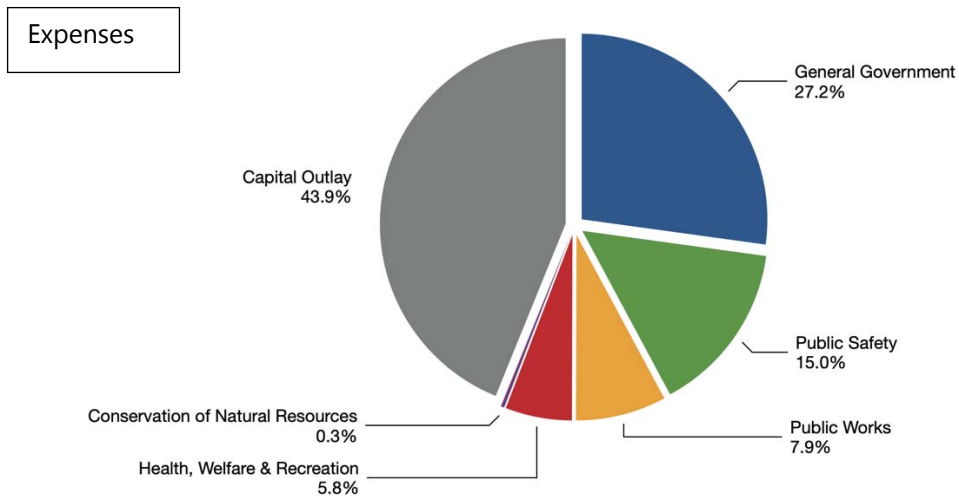


**Management’s Discussion and Analysis
(Unaudited)**

Financial Analysis of the County’s Funds (Continued)

Expenditures for governmental funds were \$47,585,978 for fiscal year 2021, up 15% from the \$41.5 million spent in fiscal year 2020. General Government spending, Public Safety and Capital Outlay make up most of the County’s expenses. However, Health, Welfare and Recreation saw a big hike in expenses this year due to COVID-19 mitigation. \$1.9 million, almost 63%, of this expense category was used for that purpose. The following schedule presents expenditures by activities.

Expenditures	2021	Percentage	2020	Percentage	Variance
Current					
General government	\$ 12,820,623	26.9%	\$ 13,892,660	33.5%	\$ (1,072,037)
Public safety	7,163,476	15.1%	7,207,219	17.4%	(43,743)
Public works	3,758,258	7.9%	4,230,317	10.2%	(472,059)
Health, welfare and recreation	2,749,047	5.8%	840,339	2.0%	1,908,708
Conservation of natural resources	132,114	0.3%	143,610	0.3%	(11,496)
Capital outlay	20,962,460	44.1%	15,142,660	36.6%	5,819,800
Total expenditures	<u>\$ 47,585,978</u>	<u>100.0%</u>	<u>\$ 41,456,805</u>	<u>100.0%</u>	<u>\$ 6,129,173</u>



Energy activity continued to increase and drive revenues in Fiscal Year 2021, resulting in record revenues for the General Fund. The \$54.2 million in revenues for governmental funds set a new high mark, significantly higher than the \$51.4 million received in Fiscal Year 2020.

**Management's Discussion and Analysis
(Unaudited)**

Financial Analysis of the County's Funds (Continued)

Expenses continued to grow from \$41.4 million in 2020 to \$47.6 million in 2021. Capital outlay represents most of the County's expenses and is also responsible for the slight increase in expenses with the total growing from \$15.1 million in 2020 to \$20.9 million in 2021. Health, welfare and recreation account for a small portion of the County's total expenditures, however this category saw an increase of \$1.9 million from 2020 to 2021.

Property taxes had another record setting year with a \$2.36 billion county valuation, an increase of \$2.3 million from tax year 2020. This resulted from strong oil and gas production and sales during the calendar year 2020, which is billed in the 2021 tax year. After four years of record setting valuations, this will be the last year Converse County sees a record setting property tax valuation year. The decrease in oil and gas production will result in a much lower tax valuation in the 2022 tax year.

Sales tax revenues decreased with collections of \$9.7 million during 2021, a 37% decrease below the \$15 million collected in 2020. The Wholesale Trade sector contributed 30% of the total, averaging \$1.6 million per month countywide, up significantly from the \$640,000 monthly average in 2020. The next largest contributor was the Mining sector, which contributed 20% and averaged \$1 million countywide per month.

Spending for general government purposes decreased slightly from \$13.9 million in 2020 to \$13 million in 2021. Spending on health, welfare and recreation more than tripled from \$840,339 in 2020 to \$2,749,047 in 2021 due to the Corona Virus pandemic and mitigation programs. Capital outlay expenses also increased this year by 38%. The County spent significantly more on county roads and capital projects. Expenses for county roads rose from \$8.6 million to \$13.3 million in 2021 and capital project expenses rose from \$2.7 million to \$7 million in 2021.

For all government operations, spending totaled \$47.6 million in FY 2021, up 15% from the \$41.5 million spent in FY 2020. County road projects, capital projects and COVID-19 mitigation accounted for the majority of the increase in expenditures.

The General Fund balance decreased by 51% from 2020 to 2021. The fund began the year at \$51.6 million and ended at \$25.5 million. This is due a transfer from the Building & Maintenance Reserve Fund to the Capital Construction Fund in preparation of Phase II of the Converse County joint Justice Center. More information on interfund transfers can be found in Note 3.

The transfer of funds from reserves to the Capital Construction Fund has decreased the County's reserves by more than half, going from \$45.2 million to \$18.9 million. These funds are split between the Operating Reserve (\$3.1 million), Building Reserve (\$7.7 million), Equipment Reserve (\$4.6 million), Salary Reserve (\$2.5 million), and Depreciation Reserve (\$938,008).

The County's commitment to capital spending and reserves occurs while strong oil and gas production continue to drive the economy. In calendar year 2021, wells in Converse County produced 28.3 million barrels of oil and 87.1 million cubic feet (mcf) of natural gas, making Converse County the largest energy producer in the State of Wyoming.

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, 2021, the amount owed for all tax years was just over \$6.6 million.

**Management's Discussion and Analysis
(Unaudited)**

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2021 was approximately \$93.2 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 2021, the County continued to address road projects, budgeting \$5 million for East Antelope, \$5 million for Brownfield Rd/Robin Lane, \$3.1 million for Irvine Rd, \$3 million for Tank Farm Rd, and \$2.2 million to use on various other road projects.

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

The Road and Bridge Department was authorized to purchase approximately \$300,000 worth of equipment and vehicles, which is significantly less than FY 2020. Other equipment purchases include replacement vehicles for the Sheriff's Office and Detention, equipment for Courthouse Maintenance and a County carpool vehicle. Even with these purchases, expenses from the Depreciation Reserve decreased over \$600,000 from FY 2020.

Additional information on the Converse County's capital assets can be found in Note 4.

Debt Administration

At the end of the current fiscal year, Converse County had debt of \$7,157,862 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 \$6,504,352, \$7,218,796, and \$11,090,438, as of June 30, 2021, 2020, and 2019, respectively.

Fiscal Year 2021 Budget

Even with a record-high property tax valuation of \$2.36 billion, the County anticipated less revenue would be available to the General Fund for FY 2021, due to concerns about contraction in the energy market and impacts of the continuing COVID-19 crisis. The County budgeted \$43 million in revenue, 10% less than the \$47.9 million received in Fiscal Year 2020.

The County budgeted \$28.3 million in property taxes, a \$3.6 million increase from FY 2020, reflecting a record \$2.4 billion valuation, but dropped sales tax estimates by 44% from the \$15 million received in FY 2020, to \$8.5 million. The County also anticipated a dip in fuel taxes, budgeting just over \$1 million after receiving \$1.2 million in FY 2020.

By the end of the fiscal year, revenues topped \$45.6 million, \$2.6 million more than budgeted. The excess was attributable to better-than-expected sales tax revenues, which totaled \$9.5 million. Although sales tax revenue dropped 37% from FY 2020 to FY 2021, the decrease was not as much as anticipated. Fuel taxes were also higher than expected, totaling \$1.2 million.

**Management's Discussion and Analysis
(Unaudited)**

Financial Analysis of the County's Funds (Continued)

Fiscal Year 2021 Budget (Continued)

Revenue support from Federal sources also remained strong, with the County receiving \$1.5 million from Payment in Lieu of Taxes (PILT), Forest Reserve and Bankhead-Jones distributions, up from \$1.2 million in FY 2020.

Property taxes continue to be the largest single contributor to General Fund revenue, accounting for \$28.6 million of the \$45.6 collected, or 63% of the total. In FY 2020, property taxes were 52% of all General Fund revenue. As sales taxes decline and values increase or hold steady, property taxes will likely continue to trend up as a higher proportion of overall revenue.

Next Year's Budget and Rates

The County is bracing for a significant decrease in revenues in FY 2022, due to a falling taxable value, continued stagnation in oil and gas, further decreases in coal production and a change in tax collection methodology. The County's valuation dropped from a record-high of \$2.4 billion for 2020 taxes to \$1.7 billion for 2021 taxes, a 29% decrease. The decrease in value reduces the estimated property tax revenue to the General Fund from \$24.7 million to \$20.9 million, a reduction of 15%.

In addition, the Wyoming Legislature passed legislation in 2021 that changed the method of collecting ad valorem taxes on minerals, which make up approximately 65% of the County's property tax revenue. The change defers the second half of mineral taxes for the 2021 tax year that would have been due in May, 2022. Instead, those taxes are due in 8% increments over thirteen years, commencing in December, 2023. The change will result in an estimated \$4.5 million shortfall in mineral tax revenues during FY 2022.

Overall, the County budgeted \$36.5 million in General Fund revenue for FY 2022, an anticipated decrease of \$6.6 from FY 2021, or 15%.

The County cut expenses to keep pace with lower revenues, budgeting \$47.6 million from the General Fund in FY 2022, an 11% decrease from the \$53.5 million budgeted in FY 2021. Notable planned expenses include \$8.7 million earmarked for the Building Reserve, \$500,000 in Equipment Reserves, \$250,000 in Salary Reserves and over \$11 million in projects to improve a variety of county roads.

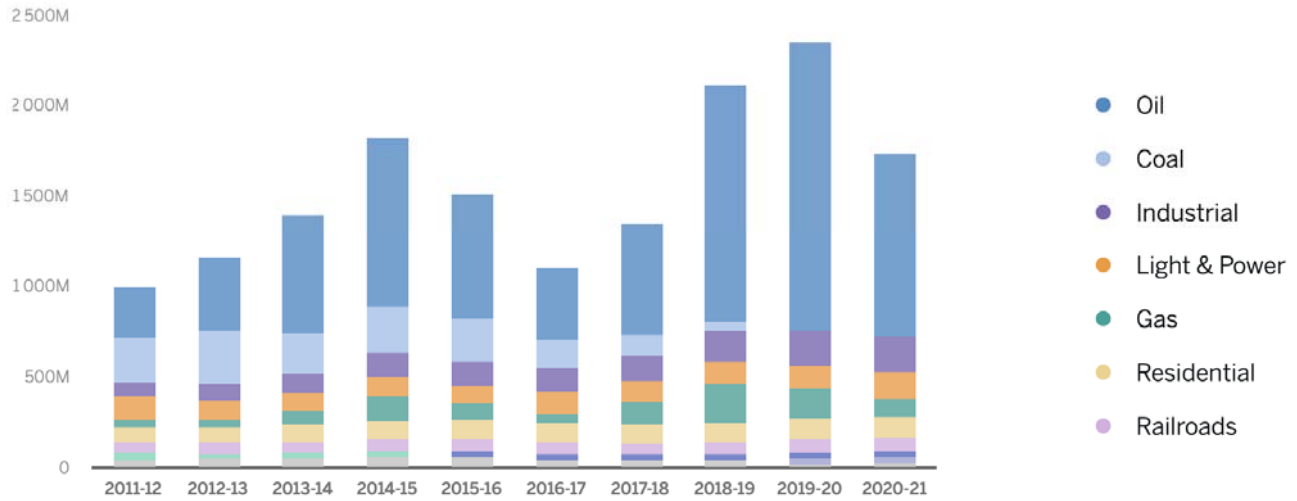
Additionally, Phase II of the Converse County Joint Justice Center is under construction, with an estimated cost of \$24 million.

**Management’s Discussion and Analysis
(Unaudited)**

Financial Analysis of the County’s Funds (Continued)

Economic Factors

The County’s taxable value fell 26% from the record-high \$2.4 billion in 2020, settling in at \$1.7 billion for 2021. The drop was anticipated, a culmination of lower oil and gas prices coupled with lower production and demand.



The taxable value won’t be as critical to the budget process in FY 2023, due to the change in the methodology of collected ad valorem taxes on minerals. The taxes due on the 2022 valuation are deferred and will be paid in 8% increments beginning in December 2023 and ending in December 2035. The County’s budget for FY 2023 will depend more on the production and price of minerals for each month, as mineral companies begin paying their mineral taxes on production monthly, through the Wyoming Department of Revenue.

Not surprisingly, with the economy still struggling from the COVID-19 shutdowns, the valuation of both oil and gas decreased 37% and 45%, respectively. Coal valuation more than doubled, reflecting a bump in demand and spot prices, but still reaching only \$8.7 million in value.

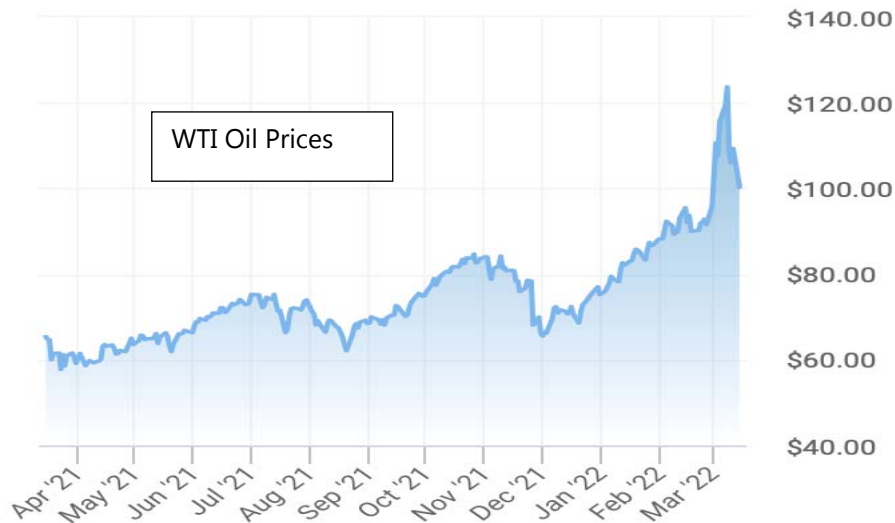
Mineral	2019 Value	2020 Value	2021 Value
Coal	\$ 49,822,198	\$ 3,218,360	\$ 8,745,143
Oil	\$ 1,311,008,305	\$1,592,014,347	\$ 1,008,279,722
Gas	\$ 209,652,764	\$ 167,160,817	\$ 91,652,846
Uranium	\$ 546,678	\$ 139,743	\$ 229,672

Since hitting a low of \$0 in April 2020, oil prices have steadily increased and are now reaching record highs with the market volatility introduced by the Russian invasion of Ukraine. The price per barrel was over \$120 per barrel in March 2022.

**Management's Discussion and Analysis
(Unaudited)**

Financial Analysis of the County's Funds (Continued)

Economic Factors (Continued)



Wyoming mineral producers will receive their first invoice from the Wyoming Department of Revenue in March 2022, for their January 2022 mineral production. Those taxes will be forwarded to counties in April 2022 and will replace the revenue lost from the deferral of the second half of 2021 mineral taxes.

The increased price of oil and projected increase in overall production should result in substantial tax revenues for the County beginning in April 2022. Although the outlook is currently bright, the County's revenue will be subject to the volatility of the market, swinging up and down with the monthly prices and production.

At the end of June 2021, there were nine rigs operating in Wyoming. As of March 2022, there are fifteen, according to Baker-Hughes. In March of 2021, there were five.

Oil production has remained relatively steady, with the county averaging \$2.4 million barrels per month in FY 2021 and \$2.3 million barrels per oil in FY 2022, through January, according to the Wyoming Oil and Gas Conservation Commission.

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. The release of the 2020 Census Data could also cause a small shift in revenues. From 2010 to 2020, although the State of Wyoming gained 2.3% in population, Converse County decreased 0.6%. Dr. Winlin Liu, Chief Economist with the Economic Analysis Division, Wyoming Department of Administration & Information, suggested the decrease was largely due to the fluctuation of the state's energy industry.

Regardless, many of the distribution formulas used by the State of Wyoming are population-based, meaning any decrease in population results in a decrease in revenue.

The formula for the distribution of sales taxes will be altered slightly due to census figures, with the City of Douglas receiving more of the revenue allocated to Converse County and the County receiving 1% less.

**Management’s Discussion and Analysis
(Unaudited)**

Financial Analysis of the County’s Funds (Continued)

Economic Factors (Continued)

2020 Census Figures			2010 Census Figures		
Converse County:	13,751		13,833		
City of Douglas:	6,386	46%	6,120	44%	
Converse County:	4,512	33%	4,693	34%	
Town of Glenrock:	2,420	17%	2,576	19%	
Rolling Hills:	427	3%	440	3%	
Lost Springs:	6	0%	4	0%	

Property Tax Repayments

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

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

As of June 30, 2021, the County was required to pay back its share of \$179,955 in property taxes over the next five years due to Notice of Valuation Changes. The impact on the County General fund is 20% of that total, or \$35,980.

With the change in the methodology of paying ad valorem taxes on mineral production, to a system where the taxes are paid to the Wyoming Department of Revenue monthly, the County plans on discharging all of the remaining liability for NOVC repayments in FY 2022.

More information on Property Tax Repayments can be found in Note 5.

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 applied for its allocation of the American Rescue Plan Act funds, totaling \$2,684,761, and received the first payment in May 2021. The second half is expected to be paid by May 10, 2022. With the recent change in Treasury guidance allowing recipients to use up to \$10 million of the funds to replace the revenue lost during the COVID-19 crisis, Converse County will be able to allocate all its ARPA funds for general government operations.

Converse County, Wyoming

June 30, 2021

Management's Discussion and Analysis
(Unaudited)

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

June 30, 2021

Statement of Net Position

	Primary Government		Component Units
	Governmental Activities	Total	Total
ASSETS			
Cash and cash equivalents	\$ 31,389,176	\$ 31,389,176	\$ 17,639,259
Restricted cash and cash equivalents	1,342,381	1,342,381	298,923
Cash held by fiscal agent	-	-	142,800
Investments	40,923,085	40,923,085	2,119,129
Property and other taxes receivable, net	22,801,815	22,801,815	1,320,313
Accounts receivable, net	275,020	275,020	21,370,654
Due from other governments	1,959,453	1,959,453	-
Prepaid items and other	123,526	123,526	579,405
Inventory	240,622	240,622	2,731,981
Restricted cash and cash equivalents, long-term	-	-	95,976
Restricted investments, long-term	-	-	12,918,305
Other assets, long-term	-	-	669,964
Beneficial interest in assets held by others	-	-	298,692
Capital assets not being depreciated	48,970,534	48,970,534	11,661,167
Capital assets being depreciated, net of accumulated depreciation	44,236,151	44,236,151	49,887,029
Total assets	<u>192,261,763</u>	<u>192,261,763</u>	<u>121,733,597</u>
DEFERRED OUTFLOWS OF RESOURCES			
Excess of acquisition over consideration	-	-	1,615,538
Pension plan items	3,076,505	3,076,505	282,669
Total deferred outflows of resources	<u>3,076,505</u>	<u>3,076,505</u>	<u>1,898,207</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,502,731	2,502,731	13,073,080
Retainage and contracts payable	303,718	303,718	-
Refundable advances	1,342,381	1,342,381	298,923
Noncurrent liabilities			
Due within one year	328,022	328,022	1,070,874
Due in more than one year	325,488	325,488	3,914,616
Net pension liability	6,504,352	6,504,352	1,029,862
Total liabilities	<u>11,306,692</u>	<u>11,306,692</u>	<u>19,387,355</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	20,924,429	20,924,429	1,201,368
Pension plan items	4,410,015	4,410,015	321,744
Total deferred inflows of resources	<u>25,334,444</u>	<u>25,334,444</u>	<u>1,523,112</u>
NET POSITION			
Net investment in capital assets	93,206,685	93,206,685	56,452,721
Restricted by			
State statutes (W.S. 24-2-110)	2,088,974	2,088,974	-
Grantors and others	4,963,055	4,963,055	-
Voters	-	-	5,222,763
Donor - expendable	-	-	4,213,856
Donor - nonexpendable	-	-	581,927
Unrestricted	58,438,418	58,438,418	36,250,070
Total net position	<u>\$ 158,697,132</u>	<u>\$ 158,697,132</u>	<u>\$ 102,721,337</u>

Converse County, Wyoming
 Year Ended June 30, 2021
Statement of Activities

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 13,147,044	\$ 1,173,852	\$ 899,694	\$ -
Public safety	7,259,252	98,703	106,575	-
Public safety - Joint Justice Center	1,175,988	-	615,163	1,475
Public works	7,256,031	-	154,867	-
Health, welfare, and recreation	1,580,991	120,360	6,364,683	-
Conservation of natural resources	133,717	-	-	-
Total governmental activities	<u>30,553,023</u>	<u>1,392,915</u>	<u>8,140,982</u>	<u>1,475</u>
Total primary government	<u>\$ 30,553,023</u>	<u>\$ 1,392,915</u>	<u>\$ 8,140,982</u>	<u>\$ 1,475</u>
Component units	<u>\$ 95,728,099</u>	<u>\$ 88,760,400</u>	<u>\$ 10,764,303</u>	<u>\$ 7,109,152</u>
		General revenues		
		Property taxes		
		Sales taxes		
		Other taxes		
		Grants and contributions not restricted to specific programs		
		Payments in lieu of taxes		
		Unrestricted investment income		
		Forgiveness of paycheck protection program loan		
		Miscellaneous		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units Totals
Governmental Activities	Total	
\$ (11,073,498)	\$ (11,073,498)	\$ -
(7,053,974)	(7,053,974)	-
(559,350)	(559,350)	-
(7,101,164)	(7,101,164)	-
4,904,052	4,904,052	-
(133,717)	(133,717)	-
<u>(21,017,651)</u>	<u>(21,017,651)</u>	<u>-</u>
<u>(21,017,651)</u>	<u>(21,017,651)</u>	<u>-</u>
-	-	10,905,756
28,812,019	28,812,019	895,608
6,900,099	6,900,099	-
7,997,841	7,997,841	-
157,198	157,198	-
919,553	919,553	-
55,491	55,491	678,133
-	-	6,344,000
131,371	131,371	1,481
<u>44,973,572</u>	<u>44,973,572</u>	<u>7,919,222</u>
23,955,921	23,955,921	18,824,978
134,741,211	134,741,211	83,896,359
<u>\$ 158,697,132</u>	<u>\$ 158,697,132</u>	<u>\$ 102,721,337</u>

Converse County, Wyoming

June 30, 2021

Balance Sheet - Governmental Funds

	General Fund	County Roads Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 8,111,378	\$ 10,616,501	\$ 6,196,383
Restricted cash and cash equivalents	-	-	-
Investments	17,340,125	65,752	20,462,147
Property and other taxes receivable, net	22,801,465	-	-
Accounts receivable	41,604	-	-
Due from other governments	1,809,331	25,110	-
Due from other funds	31,975	-	-
Inventory	-	-	240,622
Prepaid items	67,887	-	-
Total assets	\$ 50,203,765	\$ 10,707,363	\$ 26,899,152
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,378,404	\$ 464,757	\$ 278,736
Due to other funds	1,920	13,473	-
Retainage payable	-	131,285	-
Refundable advances	-	-	-
Total liabilities	1,380,324	609,515	278,736
Deferred inflows of resources			
Unavailable property tax revenue	22,707,815	-	-
Unavailable other revenue	630,000	-	-
Total deferred inflows of resources	23,337,815	-	-
Fund balances			
Nonspendable			
Inventory	-	-	240,622
Prepaid items	67,887	-	-
Restricted			
Grantors and others	-	-	-
State statutes (W.S. 24-2-110)	-	2,088,974	-
Committed			
Economic development	133,233	-	-
Justice Center	-	-	26,379,794
County road construction	-	8,008,874	-
Assigned	18,905,601	-	-
Unassigned	6,378,905	-	-
Total fund balances	25,485,626	10,097,848	26,620,416
Total liabilities, deferred inflows of resources and fund balances	\$ 50,203,765	\$ 10,707,363	\$ 26,899,152

Joint Justice Center Joint Powers Board	Health Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 1,781,521	\$ 3,002,200	\$ 1,082,763	\$ 30,790,746
-	1,342,381	-	1,342,381
1,012,260	1,400,092	-	40,280,376
-	-	350	22,801,815
-	-	6,361	47,965
83,321	7,840	33,851	1,959,453
-	-	4,768	36,743
-	-	-	240,622
41,991	-	13,648	123,526
<u>\$ 2,919,093</u>	<u>\$ 5,752,513</u>	<u>\$ 1,141,741</u>	<u>\$ 97,623,627</u>
\$ 35,658	\$ 16,195	\$ 69,683	\$ 2,243,433
-	-	21,350	36,743
172,433	-	-	303,718
-	1,342,381	-	1,342,381
<u>208,091</u>	<u>1,358,576</u>	<u>91,033</u>	<u>3,926,275</u>
-	-	350	22,708,165
-	-	-	630,000
-	-	350	23,338,165
-	-	-	240,622
41,991	-	13,648	123,526
-	4,393,937	569,118	4,963,055
-	-	-	2,088,974
-	-	-	133,233
2,669,011	-	-	29,048,805
-	-	-	8,008,874
-	-	473,918	19,379,519
-	-	(6,326)	6,372,579
<u>2,711,002</u>	<u>4,393,937</u>	<u>1,050,358</u>	<u>70,359,187</u>
<u>\$ 2,919,093</u>	<u>\$ 5,752,513</u>	<u>\$ 1,141,741</u>	<u>\$ 97,623,627</u>

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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

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

Total fund balances - governmental funds	\$	70,359,187
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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 net of accumulated depreciation reported in the government-wide statements.	93,206,685
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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	630,000
Difference in unavailable property tax revenue	1,783,736

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.

935,896

Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds.

Pension plan items - deferred outflows of resources	\$ 3,076,505	
Pension plan items - deferred inflows of resources	<u>(4,410,015)</u>	(1,333,510)

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	(35,980)	
Compensated absences	(344,530)	
Net pension liability	<u>(6,504,352)</u>	<u>(6,884,862)</u>

Net position of governmental activities		<u><u>\$ 158,697,132</u></u>
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Converse County, Wyoming

Year Ended June 30, 2021

Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds

	General Fund	County Roads Fund	Capital Projects Fund
Revenues			
Taxes	\$ 33,681,195	\$ -	\$ -
Licenses and permits	1,155,812	-	-
Intergovernmental revenues	10,323,211	437,982	813
Charges for services	201,249	-	-
Investment income	48,134	7,880	(5,347)
Miscellaneous revenues	50,005	-	1,043
Total revenues	<u>45,459,606</u>	<u>445,862</u>	<u>(3,491)</u>
Expenditures			
Current			
General government	12,714,580	-	-
Public safety	5,484,870	-	-
Public works	3,758,258	-	-
Health, welfare and recreation	870,329	-	-
Conservation of natural resources	132,114	-	-
Capital outlay	506,707	13,330,425	7,023,844
Total expenditures	<u>23,466,858</u>	<u>13,330,425</u>	<u>7,023,844</u>
Excess (deficiency) of revenues over expenditures	<u>21,992,748</u>	<u>(12,884,563)</u>	<u>(7,027,335)</u>
Other financing sources (uses)			
Transfers in	4,949,911	12,324,858	34,967,376
Transfers out	(53,167,521)	(237,526)	(2,392,250)
Insurance proceeds	-	-	92,466
Proceeds from sale of asset	104,219	-	-
Total other financing sources (uses)	<u>(48,113,391)</u>	<u>12,087,332</u>	<u>32,667,592</u>
Net changes in fund balances	(26,120,643)	(797,231)	25,640,257
Fund balances, beginning of year	<u>51,606,269</u>	<u>10,895,079</u>	<u>980,159</u>
Fund balances, end of year	<u>\$ 25,485,626</u>	<u>\$ 10,097,848</u>	<u>\$ 26,620,416</u>

Joint Justice Center Joint Powers Board	Health Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 33,681,195
-	-	-	1,155,812
654,758	6,203,223	1,414,370	19,034,357
-	-	-	201,249
-	-	1,081	51,748
663	-	3,500	55,211
<u>655,421</u>	<u>6,203,223</u>	<u>1,418,951</u>	<u>54,179,572</u>
-	-	106,043	12,820,623
1,419,465	-	259,141	7,163,476
-	-	-	3,758,258
-	1,812,820	65,898	2,749,047
-	-	-	132,114
-	-	101,484	20,962,460
<u>1,419,465</u>	<u>1,812,820</u>	<u>532,566</u>	<u>47,585,978</u>
<u>(764,044)</u>	<u>4,390,403</u>	<u>886,385</u>	<u>6,593,594</u>
3,155,152	-	-	55,397,297
-	-	-	(55,797,297)
-	-	-	92,466
-	-	-	104,219
<u>3,155,152</u>	<u>-</u>	<u>-</u>	<u>(203,315)</u>
2,391,108	4,390,403	886,385	6,390,279
319,894	3,534	163,973	63,968,908
<u>\$ 2,711,002</u>	<u>\$ 4,393,937</u>	<u>\$ 1,050,358</u>	<u>\$ 70,359,187</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**

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

Net change in fund balances - total governmental funds \$ 6,390,279

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

These changes are detailed as follows:

Capital asset acquisitions expended in the governmental funds	\$ 19,961,134	
Loss on disposal of assets and adjustment for transfer of assets	(406,898)	
Depreciation expense for the year	(2,543,893)	17,010,343

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

Deferred outflows - pension plan items - prior year	(4,740,939)	
Deferred outflows - pension plan items - current year	3,076,505	
Deferred inflows - pension plan items - prior year	4,784,092	
Deferred inflows - pension plan items - current year	(4,410,015)	(1,290,357)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on changes in net position.

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

Property tax debt related to change in valuation - prior year	58,686	
Property tax debt related to change in valuation - current year	(35,980)	
Liability for compensated absences - prior year	391,126	
Liability for compensated absences - current year	(344,530)	
Net pension liability - prior year	7,218,796	
Net pension liability - current year	(6,504,352)	783,746

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.

851,450

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

Difference in unavailable other revenue - prior year	(609,591)	
Difference in unavailable other revenue - current year	630,000	
Difference in unavailable property tax revenue - prior year	(1,593,685)	
Difference in unavailable property tax revenue - current year	1,783,736	210,460

Change in net position of governmental activities \$ 23,955,921

Converse County, Wyoming

June 30, 2021

Statement of Net Position - Proprietary Fund

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 598,430
Investments	642,709
Accounts receivable	227,055
Total assets	<u>1,468,194</u>
LIABILITIES	
Accounts payable	259,298
Incurred but not reported claims	273,000
Total liabilities	<u>532,298</u>
NET POSITION	
Unrestricted	935,896
Total net position	<u>\$ 935,896</u>

Converse County, Wyoming
Year Ended June 30, 2021

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 3,486,241
Total operating revenues	<u>3,486,241</u>
Operating expenses	
Medical claims net of reinsurance and fees	2,436,672
Stop loss insurance	601,866
Total operating expenses	<u>3,038,538</u>
Operating income	<u>447,703</u>
Nonoperating revenue	
Investment income	3,747
Total nonoperating revenue	<u>3,747</u>
Income before transfers	<u>451,450</u>
Transfers in	<u>400,000</u>
Change in net position	851,450
Net position, beginning of year	<u>84,446</u>
Net position, end of year	<u><u>\$ 935,896</u></u>

Converse County, Wyoming
Year Ended June 30, 2021
Statement of Cash Flows - Proprietary Fund

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from interfund services provided	\$ 3,486,241
Receipts from reinsurance	2,141,172
Payments to third party administrator for medical costs	<u>(5,679,569)</u>
Net cash and cash equivalents used in operating activities	<u>(52,156)</u>
Cash flows from noncapital financing activities	
Transfer from other funds	<u>400,000</u>
Net cash and cash equivalents provided by noncapital financing activities	<u>400,000</u>
Cash flows from investing activities	
Interest received	<u>334</u>
Net cash and cash equivalents provided by investing activities	<u>334</u>
Net increase in cash and cash equivalents	<u>348,178</u>
Cash and cash equivalents, beginning of year	<u>250,252</u>
Cash and cash equivalents, end of year	<u><u>\$ 598,430</u></u>
Reconciliation of operating income to net cash and cash equivalents used in operating activities	
Operating income	\$ 447,703
Adjustments to reconcile operating income to cash and cash equivalents provided by operating activities	
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	(20,550)
Accounts payable	32,691
Claims payable	<u>(512,000)</u>
Net cash and cash equivalents used in operating activities	<u><u>\$ (52,156)</u></u>

Converse County, Wyoming

June 30, 2021

Statement of Fiduciary Net Position - Fiduciary Fund

	<u>County Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,719,485
Property taxes receivable	7,311,329
Due from other governments	40,140
Total assets	<u>12,070,954</u>
LIABILITIES	
Due to other taxing units	11,274,439
Due to individuals	1,982
Total liabilities	<u>11,276,421</u>
NET POSITION	
Restricted for	
Individuals, other governments, and organization	794,533
Total net position	<u>\$ 794,533</u>

Converse County, Wyoming

June 30, 2021

Statement of Changes in Fiduciary Net Position - Fiduciary Fund

	<u>County Custodial Fund</u>
Additions	
Amounts received from inmates	\$ 127,842
Child support collections	477,389
Interest and dividends	20,367
Collection of taxes, fees, and bonds for other governments	<u>126,232,352</u>
Total additions	<u>126,857,950</u>
Deductions	
Inmate payments for goods, services, and distributions	111,877
Child support distributions	476,510
Payments of taxes, fees, and bonds to other governments and organizations	<u>126,336,839</u>
Total deductions	<u>126,925,226</u>
Net decrease in fiduciary net position	(67,276)
Net position, beginning of the year	-
Prior period adjustment	<u>861,809</u>
Net position, beginning of the year, as restated	<u>861,809</u>
Net position, end of the year	<u>\$ 794,533</u>

Combining Statement of Net Position - Discretely Presented Component Units

	County Airport	County Hospital	Weed and Pest Control District
ASSETS			
Cash and cash equivalents	\$ 38,772	\$ 14,768,101	\$ 1,709,252
Restricted cash	-	298,923	-
Cash held by fiscal agent	-	-	-
Investments	415,192	689,361	-
Property taxes receivable	-	-	1,318,794
Accounts receivable, net	967	21,317,662	51,872
Due from other governments	-	-	-
Prepaid items and other	-	565,356	-
Inventory	-	2,176,464	555,517
Restricted cash and cash equivalents, long-term	-	-	-
Restricted investments, long-term	30,000	7,328,715	-
Other assets, long-term	-	669,964	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	2,741,061	8,723,715	12,000
Capital assets being depreciated, net of accumulated depreciation	8,155,976	25,453,510	251,500
Total assets	<u>11,381,968</u>	<u>81,991,771</u>	<u>3,898,935</u>
DEFERRED OUTFLOWS OF RESOURCES			
Excess of acquisition over consideration	-	1,615,538	-
Pension plan items	9,921	-	35,968
Total deferred outflows of resources	<u>9,921</u>	<u>1,615,538</u>	<u>35,968</u>
LIABILITIES			
Accounts payable and accrued liabilities	10,920	12,989,868	38,612
Retainage and contracts payable	-	-	-
Refundable advance	-	298,923	-
Noncurrent liabilities			
Due within one year	-	1,070,874	-
Due in more than one year	-	3,840,210	49,427
Net pension liability	67,824	-	236,401
Total liabilities	<u>78,744</u>	<u>18,199,875</u>	<u>324,440</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	-	-	1,201,368
Pension plan items	18,334	-	50,395
Total deferred inflows of resources	<u>18,334</u>	<u>-</u>	<u>1,251,763</u>
NET POSITION			
Net investment in capital assets	10,897,037	29,266,141	263,500
Restricted by donors, nonexpendable	-	-	-
Restricted by donors and others, expendable	30,000	4,091,537	-
Restricted by voters	-	-	-
Unrestricted	367,774	32,049,756	2,095,200
Total net position	<u>\$ 11,294,811</u>	<u>\$ 65,407,434</u>	<u>\$ 2,358,700</u>

County Library	County Fair	Total
\$ 997,157	\$ 125,977	\$ 17,639,259
-	-	298,923
142,800	-	142,800
1,014,576	-	2,119,129
1,519	-	1,320,313
153	-	21,370,654
-	-	-
14,049	-	579,405
-	-	2,731,981
95,976	-	95,976
5,559,590	-	12,918,305
-	-	669,964
298,692	-	298,692
184,391	-	11,661,167
16,026,043	-	49,887,029
<u>24,334,946</u>	<u>125,977</u>	<u>121,733,597</u>
-	-	1,615,538
<u>236,780</u>	<u>-</u>	<u>282,669</u>
<u>236,780</u>	<u>-</u>	<u>1,898,207</u>
33,680	-	13,073,080
-	-	-
-	-	298,923
-	-	1,070,874
24,979	-	3,914,616
<u>725,637</u>	<u>-</u>	<u>1,029,862</u>
<u>784,296</u>	<u>-</u>	<u>19,387,355</u>
-	-	1,201,368
<u>253,015</u>	<u>-</u>	<u>321,744</u>
<u>253,015</u>	<u>-</u>	<u>1,523,112</u>
16,026,043	-	56,452,721
581,927	-	581,927
92,319	-	4,213,856
5,222,763	-	5,222,763
1,611,363	125,977	36,250,070
<u>\$ 23,534,415</u>	<u>\$ 125,977</u>	<u>\$ 102,721,337</u>

Converse County, Wyoming

Year Ended June 30, 2021

Combining Statement of Activities - Discretely Presented Component Units

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 937,546	\$ 62,464	\$ 284,792	\$ -
County Hospital	91,321,613	87,957,968	8,356,467	7,109,152
Weed and Pest Control District	1,235,376	734,489	-	-
County Library	2,150,983	5,479	2,014,849	-
County Fair	82,581	-	108,195	-
	<u>\$ 95,728,099</u>	<u>\$ 88,760,400</u>	<u>\$ 10,764,303</u>	<u>\$ 7,109,152</u>

General Revenues

Property taxes

Unrestricted investment income

Forgiveness of paycheck protection program loan

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

County Airport	County Hospital	Weed and Pest Control District	County Library	County Fair	Totals
\$ (590,290)	\$ -	\$ -	\$ -	\$ -	\$ (590,290)
-	12,101,974	-	-	-	12,101,974
-	-	(500,887)	-	-	(500,887)
-	-	-	(130,655)	-	(130,655)
-	-	-	-	25,614	25,614
<u>(590,290)</u>	<u>12,101,974</u>	<u>(500,887)</u>	<u>(130,655)</u>	<u>25,614</u>	<u>10,905,756</u>
1,460	-	894,148	-	-	895,608
4,661	518,483	38,436	116,553	-	678,133
-	6,344,000	-	-	-	6,344,000
-	-	1,231	250	-	1,481
<u>6,121</u>	<u>6,862,483</u>	<u>933,815</u>	<u>116,803</u>	<u>-</u>	<u>7,919,222</u>
<u>(584,169)</u>	<u>18,964,457</u>	<u>432,928</u>	<u>(13,852)</u>	<u>25,614</u>	<u>18,824,978</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>
<u>\$ 11,294,811</u>	<u>\$ 65,407,434</u>	<u>\$ 2,358,700</u>	<u>\$ 23,534,415</u>	<u>\$ 125,977</u>	<u>\$ 102,721,337</u>

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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, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. 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 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 Board of County Commissioners appoint the Hospital's board of trustees. The Hospital receives funding from the County's general fund for ambulance and indigent care. 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 Board of Commissioners 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. 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.

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 fiscally dependent upon the County. The Board of County Commissioners approve the Fair Board's budget. 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, 2021, the County allocated \$1,364,668 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

Health Fund is used to account for the County's major health related and COVID-19 grants.

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.

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

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

Additionally, the County reports the following fund types:

The *County Custodial Fund* is custodial in nature and is used to account for assets that the County holds for others in a fiduciary capacity (e.g. taxes collected by the treasurer for the benefit of other governments).

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

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

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. For purposes of the statement of cash flows, the County considers all cash and investments with an original maturity of three months or less as cash and cash equivalent.

Restricted Cash and Cash Equivalents

Cash that has restrictions which change the nature or normal understanding of availability of the asset is reported separately on the statements of net position or balance sheet. Restricted cash available for obligations classified as current liabilities are reported as current assets.

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 Wyoming Cooperative Liquid Asset Securities System (Wyoming CLASS), and money market accounts.

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)

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.

The County's investment activity is accounted for in pooled investment accounts. 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. Wyoming CLASS portfolio invests in U.S. Treasury securities, Federal instrumentality securities, agency securities, repurchase agreements and triparty repurchase agreements, collateralized bank deposits, commercial paper that, at the time of purchase, is rated in its highest rating category by one of more nationally recognized rating organizations.

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 "Due 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.

The Hospital'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. The Hospital 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.

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

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

Receivables and Payables (Continued)

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews patients' receivables by payor class and applies percentages to determine estimated amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Other Assets, Long-Term

Other assets, long-term, include Memorial Hospital of Converse County's investment in a limited liability company. 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.

Notes to the Financial Statements

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

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

Capital Assets (Continued)

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

Primary Government	Years
Buildings and building improvements	15 - 30
Machinery, equipment and office fixtures	5 - 15
Component Units	
Improvements other than buildings	10 - 20
Buildings, building improvements and runways	5 - 40
Machinery, equipment and office fixtures	3 - 25
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 year the property tax lien attaches to the property.

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

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

Deferred Inflows and Outflows of Resources (Continued)

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

Pension Plan Items

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

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 taxed 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, 2021, was 12 mills, which means that the County has levied to the maximum amount available.

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

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

Major Taxpayers

The County's ten largest taxpayers account for approximately 73% of the County's total assessed property valuation. Seven of the ten taxpayers are involved in mineral extraction industry; one is a power producer and two are railroad companies. The County received approximately 45% of its total revenues from these taxpayers.

Compensated Absences

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

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.

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, 2021.

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.

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

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

Fund Equity/Net Position (Continued)

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.

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.

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 (Continued)

- 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, 2021 are 41% Medicare, 9% Medicaid, 24% Blue Cross, 20% 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 \$195,000 for the year ended June 30, 2021 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.

Grants and Contributions

Revenues from grants and contributions (including contributions for capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Unearned Revenue/Refundable Advance

Revenue received in advance of the performance of services deemed to be exchange transactions is deferred until such time as related expenditures are incurred and then recognized as revenue.

The County received an advance of \$1,342,381 from the Coronavirus State and Local Recovery Funds. The amount of the received funds is reported as refundable advance on the County's Statement of Net Position and Balance Sheet.

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

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

Uncompensated Care

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 \$1,872,000 for the years ended June 30, 2021.

Patient Related Bad Debt - The Hospital also provides care for those individuals either unwilling or unable to pay for or apply for financial assistance are considered bad debt. The Hospital includes these within its definition of uncompensated care. The foregone charges related to providing those services were approximately \$9,370,000 for the year ended June 30, 2021. The cost of providing these services was approximately \$5,404, for the year ended June 30, 2021.

Qualified Rate Adjustments

The Hospital 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. The Hospital paid approximately \$627,000 for the year ended June 30, 2021, which were recorded net of the related revenues. The Hospital received approximately \$1,254,000 of supplemental payments for the year ended June 30, 2021, which are recorded as part of net patient service revenue. Net revenue included in patient service revenue was \$596,000 for the year ended June 30, 2021. Receivable amounts related to this program were approximately \$612,000 for the year ended June 30, 2021.

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.

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

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

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for all of the component units for the County's discretely presented and blended component units. Annual appropriated budgets are prepared on a basis of estimated cash receipts and cash disbursements and accounts payable. Unexpended and unencumbered budgeted amounts and budget appropriations lapse at the end of the fiscal year. Encumbrances are reappropriated in the ensuing year.

The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing Boards of the component units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects the approved budget.

Standards Issued and Implemented

GASB Statement No. 84 *Fiduciary Activities*, established a criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how governmental activities should report their fiduciary activities. Management implemented this standard during the year ended June 30, 2021. Implementation resulted in a prior period adjustment to the County Custodial Fund of \$861,809.

Note 2. Deposits and Investments

Custodial Credit Risk – Deposits

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. The County follows the requirements of State statutes as their policy for managing custodial credit risk on deposits.

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, 2021, the County had balances in the bank of \$46,843,502. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All deposits were covered by insurance or collateral in joint custody with the financial institution.

Notes to the Financial Statements

Note 2. Deposits and Investments (continued)

Custodial Credit Risk – Deposits (Continued)

The County's carrying amount of deposits as of June 30, 2021 was reported in the following financial statements captions:

	<u>Carrying Amount</u>
Government-Wide Statement of Net Position	
Cash and cash equivalents	\$ 31,389,176
Restricted cash and cash equivalents	1,342,381
Investments	8,774,759
Fiduciary Fund Statement of Net Position - County Custodial Fund	
Cash and cash equivalents	4,719,485
Total carrying amount of deposits	<u>\$ 46,225,801</u>

Deposits held in the County's component unit's bank accounts are insured by federal depository insurance or are collateralized with securities held by pledging institution's trust department or agent, in joint custody of the bank and the component unit. As of June 30, 2021, the component had balances in the bank of \$27,896,101. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All deposits were covered by insurance or collateralized in joint custody with the financial institution. The component unit's carrying amount of the deposits as of June 30, 2021, was reported in the following financial statements captions:

	<u>Carrying Amount</u>
Government-Wide Statement of Net Position	
Cash and cash equivalents	\$ 17,639,259
Restricted cash	394,899
Investments	9,283,700
Total carrying amount of deposits	<u>\$ 27,317,858</u>

As of June 30, 2021, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less			Rating
			Than 1	1 - 5	6 - 10	
Certificates of deposit	\$ 13,661,961	.25% - 2.55%	\$ 7,945,061	\$ 5,716,900	\$ -	N/A
GSE notes	3,193,187	1.00% - 2.25%	490,057	2,703,130	-	AA+
Money market	21,923	0.01%	21,923	-	-	N/A
State Treasurer's Investment pools						
WYO-STAR	6,808,924	.53 % - 2.35%	6,808,924	-	-	Not rated
Wyoming CLASS	10,691,112	0.01%	10,691,112	-	-	Not rated
WGIF	6,545,978	0.04%	6,545,978	-	-	AAAm
Total	<u>\$ 40,923,085</u>		<u>\$ 32,503,055</u>	<u>\$ 8,420,030</u>	<u>\$ -</u>	

Notes to the Financial Statements**Note 2. Deposits and Investments (Continued)*****Custodial Credit Risk – Deposits (Continued)***

As of June 30, 2021, the component units of the County had the following investments:

Investment Type	Total	Interest Rate	Less			Rating
			Than 1	1 - 5	6 - 10	
Certificates of deposit	\$ 12,800,306	.30% - 2.35%	\$ 491,572	\$ 4,980,019	\$ 7,328,715	N/A
Money market	132,423	0.01%	132,423	-	-	N/A
Mutual funds	689,361	n/a	689,361	-	-	N/A
WYO-STAR	1,915,344	.033% - 1.79%	1,915,344	-	-	Not rated
Total	<u>\$ 15,537,434</u>		<u>\$ 3,228,700</u>	<u>\$ 4,980,019</u>	<u>\$ 7,328,715</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.

The dollar weighted average days to maturity (WAM) of Wyoming CLASS at June 30, 2021, is 46 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Wyoming CLASS at June 30, 2021, is 57 days.

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.

Note 2. Deposits and Investments (Continued)

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, 2021, the County had 33% of its investments in certificates of deposit, 16% in WGIF, 17% in WYO-STAR, 26% in Wyoming CLASS, and 8% in government sponsored enterprises. Of the certificates of deposit 57% are held at one bank. The component units had 82% of their investments in certificates of deposit and 12% in WYO-STAR.

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. Wyoming CLASS measures its investments at fair value in accordance with paragraph 41 of Statement 79 and paragraph 11 of GASB Statement 31, and therefore a participant's investment in Wyoming CLASS is not required to be categorized within the fair value hierarchy for purposes of paragraph 81a(2) of GASB Statement 72.

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, 2021:

Certificates of Deposit: Valued at closing price reported on active market on which individual certificate of deposit is traded. If held to maturity, the certificates of deposit are redeemed at purchased value.

WYO-STAR: 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.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Notes to the Financial Statements

Note 2. Deposits and Investments (Continued)

Fair Value of Investments (Continued)

Primary government investments

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 4,887,202	\$ -	\$ 4,887,202
GSE notes	-	3,193,187	-	3,193,187
WYO-STAR	-	6,808,924	-	6,808,924
Total investments at fair value	<u>\$ -</u>	<u>\$ 14,889,313</u>	<u>\$ -</u>	<u>14,889,313</u>

Other investments reported in the following classifications

Certificates of deposit	8,774,759
Wyoming CLASS	10,691,112
Money market funds - WGIF	6,545,978
Money market funds - other	21,923
Total primary government investments	<u>\$ 40,923,085</u>

Component unit investments

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 3,016,606	\$ -	\$ 3,016,606
Mutual funds	689,361	-	-	689,361
WYO-STAR	-	1,915,344	-	1,915,344
Total investments at fair value	<u>\$ 689,361</u>	<u>\$ 4,931,950</u>	<u>\$ -</u>	<u>5,621,311</u>

Other investments reported in the following classifications

Certificates of deposit	9,783,700
Money market funds	132,423
Total component unit investments	<u>\$ 15,537,434</u>

Note 3. Interfund Balances and Transfers

Interfund and intra-entity receivables and payables at June 30, 2021 are as follows:

	Receivable	Payable
General Fund	\$ 31,975	\$ 1,920
County Roads Fund	-	13,473
Nonmajor funds		
TANF Grant	1,164	-
Other Grants	-	1,164
Health and Human Resources Grant	-	14,436
Maternal Child	-	5,750
HIV Grant	3,604	-
	<u>\$ 36,743</u>	<u>\$ 36,743</u>

Notes to the Financial Statements

Note 3. Interfund Balances and Transfers (Continued)

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,949,911	\$ 53,167,521
County Roads Fund	12,324,858	237,526
Capital Projects Fund	34,967,376	2,392,250
Joint Justice Center Joint Powers Board	3,155,152	-
Medical Insurance Fund	400,000	-
	<u>\$ 55,797,297</u>	<u>\$ 55,797,297</u>

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

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 \$9,579 during the year ended June 30, 2021. 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 \$298,692 as of June 30, 2021.

Notes to the Financial Statements**Note 4. Capital Assets****Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,681,317	\$ -	\$ -	\$ -	\$ 1,681,317
Infrastructure	30,877,870	6,842,702	-	-	37,720,572
Construction in progress	4,861,241	17,656,793	12,949,389	-	9,568,645
Total capital assets, not being depreciated	37,420,428	24,499,495	12,949,389	-	48,970,534
Capital assets being depreciated					
Buildings and building improvements	37,305,591	6,391,635	-	(1,167,309)	42,529,917
Machinery, equipment, and office fixtures	18,545,470	2,019,393	2,104,472	1,167,309	19,627,700
Total capital assets being depreciated	55,851,061	8,411,028	2,104,472	-	62,157,617
Less accumulated depreciation for					
Buildings and building improvements	5,990,159	1,036,631	-	-	7,026,790
Machinery, equipment, and office fixtures	11,084,988	1,507,262	1,697,574	-	10,894,676
Total accumulated depreciation	17,075,147	2,543,893	1,697,574	-	17,921,466
Total capital assets being depreciated, net	38,775,914	5,867,135	406,898	-	44,236,151
Governmental activities, capital assets, net	\$ 76,196,342	\$ 30,366,630	\$ 2,104,472	\$ -	\$ 93,206,685

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

Governmental activities	
General government	\$ 151,361
Public safety	1,380,770
Public works	982,281
Health, welfare, and recreation	29,481
Total depreciation expense - governmental activities	\$ 2,543,893

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.

Notes to the Financial Statements

Note 4 Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2021, 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	602,450	-	602,450	-
Total capital assets not being depreciated	<u>3,343,511</u>	<u>-</u>	<u>602,450</u>	<u>2,741,061</u>
Capital assets being depreciated				
Improvements other than buildings including runways and taxiways	19,068,007	684,896	-	19,752,903
Buildings	541,812	-	-	541,812
Machinery, equipment and office fixtures	151,036	-	-	151,036
Total capital assets being depreciated	<u>19,760,855</u>	<u>684,896</u>	<u>-</u>	<u>20,445,751</u>
Less accumulated depreciation	<u>11,590,030</u>	<u>699,745</u>	<u>-</u>	<u>12,289,775</u>
Total capital assets being depreciated, net	<u>8,170,825</u>	<u>(14,849)</u>	<u>-</u>	<u>8,155,976</u>
Capital assets, net	<u>\$ 11,514,336</u>	<u>\$ (14,849)</u>	<u>\$ 602,450</u>	<u>\$ 10,897,037</u>

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2021, 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	5,880	-	363,517
Machinery, equipment and office fixtures	382,474	12,526	-	395,000
Total capital assets being depreciated, net	<u>740,111</u>	<u>18,406</u>	<u>-</u>	<u>758,517</u>
Less accumulated depreciation	<u>470,454</u>	<u>36,563</u>	<u>-</u>	<u>507,017</u>
Total capital assets being depreciated, net	<u>269,657</u>	<u>(18,157)</u>	<u>-</u>	<u>251,500</u>
Capital assets, net	<u>\$ 281,657</u>	<u>\$ (18,157)</u>	<u>\$ -</u>	<u>\$ 263,500</u>

Notes to the Financial Statements**Note 4. Capital Assets (Continued)****Component Units (Continued)**

Capital asset activity for the Converse County Library for the year ended June 30, 2021, 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	-	83,791	-	83,791
Total capital assets, not being depreciated	100,600	83,791	-	184,391
Capital assets being depreciated				
Buildings and building improvements	17,618,112	-	-	17,618,112
Machinery, equipment and office fixtures	518,079	11,297	-	529,376
Collection	642,510	100,660	32,034	711,136
Total capital assets being depreciated	18,778,701	111,957	32,034	18,858,624
Less accumulated depreciation	2,351,589	513,026	32,034	2,832,581
Total capital assets being depreciated, net	16,427,112	(401,069)	-	16,026,043
Capital assets, net	<u>\$ 16,527,712</u>	<u>\$ (317,278)</u>	<u>\$ -</u>	<u>\$ 16,210,434</u>

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2021, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,403,957	\$ -	\$ -	\$ 1,403,957
Construction in progress	140,087	7,215,181	35,510	7,319,758
Total capital assets, not being depreciated	1,544,044	7,215,181	35,510	8,723,715
Capital assets being depreciated				
Improvements other than buildings	105,133	51,721	-	156,854
Building	39,999,508	1,613,596	-	41,613,104
Equipment	34,268,201	3,028,743	424,188	36,872,756
Total capital assets being depreciated, net	74,372,842	4,694,060	424,188	78,642,714
Less accumulated depreciation	49,821,796	3,753,197	385,789	53,189,204
Total capital assets being depreciated, net	24,551,046	940,863	38,399	25,453,510
Capital assets, net	<u>\$ 26,095,090</u>	<u>\$ 8,156,044</u>	<u>\$ 73,909</u>	<u>\$ 34,177,225</u>

The Hospital has equipment of \$1,436,446 acquired under capital leases with accumulated amortization of \$90,774 and the same amount was included in the depreciation expense.

Notes to the Financial Statements

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 \$34,72,806 at June 30, 2021. 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, 2021:

	Balance June 30, 2020	New Debt Incurred	Debt Retired	Balance June 30, 2021	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 58,686	\$ -	\$ 22,706	\$ 35,980	\$ 35,980
Incurred but not reported claims payable	785,000	273,000	785,000	273,000	273,000
Compensated absences	391,126	-	46,596	344,530	19,042
	<u>1,234,812</u>	<u>273,000</u>	<u>854,302</u>	<u>653,510</u>	<u>328,022</u>
Net pension liability	7,218,796	-	714,444	6,504,352	-
	<u>\$ 8,453,608</u>	<u>\$ 273,000</u>	<u>\$ 1,568,746</u>	<u>\$ 7,157,862</u>	<u>\$ 328,022</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.

	Balance June 30, 2020	New Debt Incurred	Debt Retired	Balance June 30, 2021	Due Within One Year
Component Units					
Notes payable	\$ 4,350,315	\$ -	\$ 875,677	\$ 3,474,638	\$ 900,591
Notes payable - PPP	6,344,000	-	6,344,000	-	-
Capital leases	6,249	1,436,446	6,249	1,436,446	170,283
Compensated absences	67,830	6,576	-	74,406	-
	<u>10,768,394</u>	<u>1,443,022</u>	<u>7,225,926</u>	<u>4,985,490</u>	<u>1,070,874</u>
Net pension liability	1,027,834	29,371	27,343	1,029,862	-
	<u>\$ 11,796,228</u>	<u>\$ 1,472,393</u>	<u>\$ 7,253,269</u>	<u>\$ 6,015,352</u>	<u>\$ 1,070,874</u>

Notes to the Financial Statements

Note 5. Long-term Debt (Continued)

Property Tax Repayment

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

When each refund is paid, an amount is withheld from all taxing entities representing their portion of the refund, based on the portion they received when the tax was originally paid. Generally, the County's portion is 20% of the total tax payment. As of June 30, 2021, the County was required to pay back its portion of \$179,955 in property taxes over the next six years due to a NOVC. The estimated impact on the County's General Fund is 20% of that total or \$35,980 all of which was paid subsequent to June 30, 2021.

Long-Term Debt Memorial Hospital of Converse County

The Hospital 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. The Hospital has pledged certificates of deposit as collateral for the full amount of the outstanding notes payable.

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

Year ending June 30,	Principal	Interest	Total
2022	\$ 900,591	\$ 99,409	\$ 1,000,000
2023	926,658	73,342	1,000,000
2024	953,067	46,933	1,000,000
2025	694,322	19,435	713,757
	\$ 3,474,638	\$ 239,119	\$ 3,713,757

During 2021, the Hospital entered into a capital lease for certain equipment under a noncancellable long-term lease agreement. Under the lease, payments do not occur until the thirteenth month. Minimum future lease payments for the capital lease are as follows:

Year Ending June 30,	
2022	\$ 190,769
2023	381,537
2024	381,537
2025	381,537
2026	190,769
Total minimum lease payments	\$ 1,526,149
Less interest (imputed interest 3%)	(89,703)
Present value of minimum lease payments	\$ 1,436,446

Note 5. Long-term Debt (Continued)

Paycheck Protection Program (PPP Loan)

The Hospital 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 initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Hospital recognized \$6,344,000 of loan forgiveness income for the year ended June 30, 2021.

Note 6. Defined Benefit and Contribution Pension Plans

Pension Plan Fiduciary Net Position

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 one of the two following retirement plans:

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. The Plan also covers employees of those political subdivisions and other statutorily allowed entities, which have elected to participate in the Plan. Substantially all County full-time employees are eligible to participate.

PEPP members are statutorily required to contribute 9.00% of their annual covered salary and the employer is required to contribute 9.12% of the annual covered payroll for a total of 18.12%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The County currently pays 100% of the required contribution. Although paid by the County, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions.

The County's contributions to the PEPP plan for the years ended June 30, 2021, 2020, and 2019, were \$764,182, \$748,492, and \$701,257, respectively, equal to the required contributions for each year.

For the years ended June 30, 2021, 2020 and 2019 the County's, statutorily required contributions to the PEPP pension plan were \$384,621, \$376,795, and \$353,086, respectively. As of July 1, 2021, the statutory employer contribution rate will increase by 0.25% from 9.12% to 9.37% and the employee statutory contribution rate will increase by 0.25% from 9.00% to 9.25%.

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

Public Employees' Pension Plan (Continued)

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, 2021, 2020, and 2019 were \$33,316, \$34,991, \$32,500, respectively. The Library's contributions to PEPP for the years ended June 30, 2021, 2020, and 2019 were \$113,699, \$104,833, and \$91,872, respectively. The Airport's contributions to PEPP for the years ended June 30, 2021 and 2020 and 2019 were \$10,900, \$9,900, and \$9,600, respectively.

For the years ended June 30, 2021, 2020, and 2019, the component units statutorily required contributions to the PEPP pension plan were \$79,283, \$75,388 and \$67,499, respectively. As of July 1, 2021, the statutory employer contribution rate will increase by 0.25% from 9.12% to 9.37% and the employee statutory contribution rate will increase by 0.25% from 9.00% to 9.25%.

The amount of contributions designated as employee contributions represents the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. 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. The State Legislature must grant any cost of living adjustment provided to retirees. 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.

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

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

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. The State Legislature must grant any cost of living adjustment provided to retirees. 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 and accumulated interest.

LEPP members are statutorily required to contribute 8.60% of their annual covered salary and the employer is statutorily required to contribute 8.60% of the annual covered payroll for a total of 17.20%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The County has elected to contribute 100% of the contributions on behalf of eligible employees. Although paid by the County, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions.

The County's contributions to the LEPP plan for the years ended June 30, 2021, 2020, and 2019, were \$550,857, \$539,600, and \$511,984, respectively, equal to the required contributions for each year.

For the years ended June 30, 2021, 2020, and 2019 the County statutorily required contributions to the LEPP pension plan were \$275,429, \$269,800, and \$255,992, respectively.

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

At June 30, 2021, the County reported a total liability of \$6,504,352 for its proportionate share of the net pension liability. The County's component units: Library, Weed and Pest, and Airport reported: \$725,637, \$236,401, and \$67,824, respectively, for their proportionate share on the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2020 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, 2020 is based on the results of an actuarial valuation as of January 1, 2020, rolled forward to a measurement date of December 31, 2020.

The schedule below shows the County's proportionate share of the net pension liability at June 30, 2021, the proportionate portion at the measurement date of December 31, 2020, and the change in the proportion from the previous measurement date.

Notes to the Financial Statements

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, 2021	Proportion at December 31, 2020	Increase (decrease) from December 31, 2019
County			
Public Employees' Pension Plan	\$ 5,174,255	0.238076340%	0.000848152%
County - Sheriff			
Law Enforcement Pension Plan	\$ 1,330,097	1.952516736%	0.045171036%
Public Employees' Pension Plan			
Library	\$ 725,637	0.033387781%	0.003758526%
Weed and Pest	\$ 236,401	0.010800000%	-0.000100%
Airport	\$ 67,824	0.003120700%	-0.000060500%

For the year ended June 30, 2021, the County and its component units the Library, Weed and Pest, and Airport recognized pension expense of \$1,235,965, \$95,746, \$41,154, and \$5,300, respectively.

At June 30, 2021, 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	\$ 668,074	\$ (1,827,821)	\$ 477,756	\$ (1,320,843)	\$ 1,145,830	\$ (3,148,664)
Changes in assumptions	28,557	-	713,564	(1,157,031)	742,121	(1,157,031)
Difference between actual and expected experience rate	98,327	(41,990)	323,566	(62,331)	421,893	(104,321)
Change in employer's proportion	282,669	-	147,118	-	429,787	-
Amortizing deferred outflows and deferred inflows	1,077,627	(1,869,811)	1,662,004	(2,540,205)	2,739,631	(4,410,015)
Contributions subsequent to the measurement date	195,824	-	141,050	-	336,874	-
Total	\$ 1,273,451	\$ (1,869,811)	\$ 1,803,054	\$ (2,540,205)	\$ 3,076,505	\$ (4,410,015)

Notes to the Financial Statements

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 \$336,874 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
2022	\$ 562,763	\$ 937,136	\$ 1,499,899
2023	479,240	620,830	1,100,070
2024	35,624	92,314	127,938
2025	-	11,724	11,724
	<u>\$ 1,077,627</u>	<u>\$ 1,662,004</u>	<u>\$ 2,739,631</u>

Year ended June 30,	Deferred Inflows		
	PEPP	LEPP	Total
2022	\$ (733,957)	\$ (1,021,799)	\$ (1,755,756)
2023	(506,144)	(865,148)	(1,371,292)
2024	(500,695)	(552,614)	(1,053,309)
2025	(129,015)	(100,644)	(229,659)
	<u>\$ (1,869,811)</u>	<u>\$ (2,540,205)</u>	<u>\$ (4,410,015)</u>

The County's component units: Library, Weed and Pest, and Airport reported \$29,599 \$15,110, and \$2,874 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Library	Deferred Outflows	Deferred (Inflows)
Net difference between project and actual earnings on pension plan investments	\$ 82,475	\$ (238,426)
Changes in assumption	3,889	-
Difference between actual and expected experience rate	13,789	(5,267)
Change in employer's proportion	107,028	(9,322)
Amortizing deferred outflows and deferred inflows	207,181	(253,015)
Contributions subsequent to the measurement date	29,599	-
Total	<u>\$ 236,780</u>	<u>\$ (253,015)</u>

Notes to the Financial Statements

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	\$ -	\$ (50,395)
Difference between actual and expected experience rate	2,464	-
Change in employer's proportion	17,131	-
Changes in assumption	1,263	-
Amortizing deferred outflows and deferred inflows	20,858	(50,395)
Contributions subsequent to the measurement date	15,110	-
Total	<u>\$ 35,968</u>	<u>\$ (50,395)</u>

Airport

	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (15,110)
Difference between actual and expected experience rate	1,289	(571)
Change in employer's proportion	5,383	(2,653)
Changes in assumption	375	-
Amortizing deferred outflows and deferred inflows	7,047	(18,334)
Contributions subsequent to the measurement date	2,874	-
Total	<u>\$ 9,921</u>	<u>\$ (18,334)</u>

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)	
2022	\$ 93,394	\$ (104,747)	\$ 11,932	\$ (15,088)	\$ 2,570	\$ (4,590)
2023	86,488	(65,660)	8,212	(6,396)	2,570	(3,452)
2024	27,299	(64,515)	714	(23,017)	1,907	(8,510)
2025	-	(18,093)	-	(5,894)	-	(1,782)
	<u>\$ 207,181</u>	<u>\$ (253,015)</u>	<u>\$ 20,858</u>	<u>\$ (50,395)</u>	<u>\$ 7,047</u>	<u>\$ (18,334)</u>

Notes to the Financial Statements**Note 6. Defined Benefit and Contribution Pension Plans (Continued)****Actuarial Assumptions**

The total pension liability in the December 31, 2020 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, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	
PEPP	27 years
LEPP	25 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, 2020. 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 2020. These best estimates are summarized in the following table:

Notes to the Financial Statements**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%	-1.00%	-1.00%
Fixed income	21.00%	1.00%	1.34%
Equity	48.50%	5.23%	7.34%
Marketable alternatives	19.00%	3.47%	4.50%
Private markets	9.50%	4.53%	5.82%
Total	100.00%	3.82%	5.23%

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 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); 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 unfunded 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	\$ 8,107,469	\$ 5,174,255	\$ 2,726,463
Component Units			
Library	\$ 1,136,990	\$ 725,637	\$ 382,359
Weed and Pest	\$ 370,413	\$ 236,401	\$ 124,566
Airport	\$ 106,273	\$ 67,824	\$ 35,738
Pension Plan	(6.00)%	(7.00)%	(8.00)%
Law Enforcement Pension Plan	\$ 3,515,789	\$ 1,330,097	\$ (456,634)

Payables to the pension plan – At June 30, 2021, the County and its component units did not have any payables to the pension plans.

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

Retirement Plan – Memorial Hospital of Converse County

In 2009, the Hospital 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 Hospital 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. The Hospital makes a discretionary matching percentage on the participant's eligible contributions for the Plan year. The Hospital 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 \$1,600,000, \$1,800,000, and \$1,696,000 for the years ended June 30, 2021, 2020, and 2019, respectively.

Note 7. Deferred Compensation Plans

The Hospital 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 2021.

Notes to the Financial Statements

Note 8. County Fund Balance

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

Building/maintenance reserve	\$ 7,686,718
Equipment reserve	4,613,229
Salary reserve	2,476,408
Loans reserve	83,812
Operating reserve	3,107,426
Depreciation reserve	938,008
	\$ 18,905,601

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.

The Hospital 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 has a contract with GSG Architecture in the amount of \$2,525,351 including change orders for the design of the Joint Justice Center Phase II. As of June 30, 2021, there was approximately \$533,000 outstanding on that contract.

In February 2021, the County approved an engineering contract with HDR Engineering Inc. for the Mormon Canyon Road Reconstruction project in the amount of \$364,302. As of June 30, 2021, there was approximately \$255,000 outstanding on this contract.

In June 2021, the County approved a contract with Sampson Construction for \$24,075,000 for the construction of the Joint Justice Center Phase II. There were no amount expended on this contract as of June 30, 2021.

Notes to the Financial Statements

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 \$70,649.

The County's component units the Converse County Weed and Pest Control District, the County Airport Board, and the Fair 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 \$90,420 and \$42,681, respectively.

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 2021 was \$177,060.

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 2021 and 2020 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2021	2020
Unpaid claims, beginning of year	\$ 5,839	\$ 1,843
Claims incurred	17,039	18,031
Claims paid	(22,365)	(14,035)
Unpaid claims, end of year	<u>\$ 513</u>	<u>\$ 5,839</u>

The County also provides its employees' health care benefits through a self-insured program for primary government and component unit employees excluding the Hospital and the Fair Board. 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 \$602,000. Estimated medical claims are calculated by the plan administrator based on past historical experience and current economic events. Claims are usually paid within one year of submission.

Notes to the Financial Statements

Note 10. Risk Management Programs (Continued)

Changes in the County's health care risk management liability during the years ended June 30, 2021 and **2020** are as follows:

	2021	2020
Incurring but not reported claims payable, beginning of year	\$ 785,000	\$ 480,000
Claims incurred	4,569,819	2,657,632
Claims paid	(5,081,819)	(2,352,632)
Incurring but not reported claims payable, end of year	<u>\$ 273,000</u>	<u>\$ 785,000</u>

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, 2021.

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 years ended June 30, 2021 and 2020, the total claims and changes in estimates were \$5,705,795 and \$4,199,698, respectively, claim payments were \$5,909,410 and \$3,907,698, respectively, and the estimate of incurred but not reported claims was \$108,000 and \$311,615, respectively.

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 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 2021 was \$4,254.

During the fiscal year ended June 30, 2021 the County provided \$1,419,465 in support of the Joint Justice Center Joint Powers Board. The County received \$603,596 from the City of Douglas as its share of the operations and communications cost of the Joint Justice Center and \$32,906 from the Town of Glenrock as a contribution for communication software.

Note 11. Transactions with Related Parties and Component Units (Continued)

During the fiscal year ended June 30, 2021, the County provided \$123,380, \$1,700,000, \$2,100,000, and \$67,500 in support to the Converse County Airport, Converse County Library, Converse County Memorial Hospital, and Converse County Fair, respectively.

The Airport's manager is the owner of a company which leases hangar and office space from the Converse County Airport Board. Total rent received for the year ended June 30, 2021 amounted to approximately \$5,600.

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.

The Hospital is a 40% owner in Big Country Rehabilitation, LLC. Big Country Rehabilitation leases space from the Hospital 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, 2021, the Hospital paid Big County Rehabilitation, LLC approximately \$600,000 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 \$7,712.

Note 12. Deficit Fund Balances

The County's HIV Grant, and Maternal Child, funds had deficit fund balances at June 30, 2021. As of June 30, 2021, 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 Hospital 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 Hospital also received approximately \$418,000 through the Paycheck Protection Program and Health Care Enhancement Act (PPHCEA) 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.

Note 13. Provider Relief Funds (Continued)

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.

As of June 30, 2021 and 2020, the Hospital had liability balances of \$0 and \$5,800,000, respectively, which were included in current liabilities on the accompanying statements of the financial position, as well as restricted cash approximating \$0 and \$5,800,000, respectively, which are subject to the restrictions imposed by HHS. During the years ended June 30, 2021 and 2020, the Hospital recognized \$5,800,000 and \$147,000 as revenue, respectively, included as nonoperating activities on the statements of revenues, expenses, and changes in net position.

As part of the CARES Act, the PPPHCEA, and Families First Coronavirus Response Act (FFCRA), the HHS provides claims reimbursement to health care providers generally at Medicare rates for testing uninsured individuals for COVID-19 and treating uninsured individuals with a COVID-19 diagnosis. The Hospital considers amounts received under this program to be patient service revenues and has recorded \$332,000 and \$0 as revenue for the years ended June 30, 2021 and 2020, respectively.

Note 14. Issued Standards Not Yet Implemented

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, 2022. Management has not completed its assessment of the effects of implementing this standard.

Notes to Financial Statements

Note 15. Prior Period Adjustment

For the year ended June 30, 2021, the County adopted the provisions of GASB Statement No. 84 *Fiduciary Activities*, effective for financial statements for periods beginning after December 31, 2019. GASB Statement No. 84 establishes improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Implementation of GASB Statement No. 84 resulted in a restatement of the prior period net position for fiduciary funds as shown below:

Fiduciary funds:

Net position beginning of the year	\$ -
Prior period adjustment	861,809
Net position beginning of the year, as restated	<u><u>\$ 861,809</u></u>

Note 16. 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 17. Subsequent Events

Subsequent to June 30, 2021, the County awarded the following contracts/agreements:

- August 2021 – ratified the notice of award to Knife River for the Antelope Coal Mine Road Culvert Replacement Project in the amount of \$254,800
- September 2021 – approved an agreement to order three CAT 160 AWD motor graders for \$394,819 each from Wyoming Machinery with a delivery anticipated for June 2022.
- November 2021 – approved an agreement with Mobile Concrete for storage of 50,000 tons of gravel at Grant Ranch with Commissioner Grant abstaining from the vote.
- December 2021 – approved an agreement with B&B Enterprises for custom aggregate crushing of up to 100,000 tons of gravel at the Shawnee Quarry at a cost of \$3.50 per ton.
- December 2021 – approved an agreement with HDR Engineering Inc. for an engineering and construction services for Boxelder Road Reconstruction for a total cost of \$1,097,794.
- December 2022 – approved a bid from Oftedal Construction of \$2,858,271 for the Mormon Canyon Road Reconstruction Project.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

**Infrastructure Assets Reported Using the Modified Approach
(Unaudited)**

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:

2021 Condition Rating	Paved		Gravel	
	Miles	Percent	Miles	Percent
Standard	80	78%	448	88%
Sub-standard	22	22%	62	12%
	<u>102</u>	<u>100%</u>	<u>510</u>	<u>100%</u>

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>

**Infrastructure Assets Reported Using the Modified Approach
(Unaudited)**

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:

<u>Condition Rating</u>	2021	
	<u>Bridges</u>	<u>Percent</u>
Good (80 to 100 points)	3	8%
Fair (50 to 80 points)	28	76%
Deficient (less than 50 points)	6	16%
	<u>37</u>	<u>100%</u>
	2020	
	<u>Bridges</u>	<u>Percent</u>
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>

Converse County, Wyoming

Year Ended June 30, 2021

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP) - General Fund

(Unaudited)

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Tax - property	\$ 29,212,627	\$ 29,212,627	\$ 29,655,763	\$ 443,136
Tax - other	10,759,184	10,759,184	11,991,624	1,232,440
Intergovernmental revenues	405,000	405,000	940,701	535,701
Charges for services	1,388,950	1,388,950	1,289,338	(99,612)
Investment income	107,400	107,400	285,661	178,261
Economic development	-	-	44,707	44,707
Miscellaneous revenues	1,216,000	1,216,000	1,630,688	414,688
Total revenues	43,089,161	43,089,161	45,838,482	2,749,321
Expenditures				
County Commissioners	455,871	455,871	440,267	15,604
County Clerk	757,585	757,585	686,479	71,106
County Treasurer	700,913	700,913	698,285	2,628
County Assessor	813,254	813,254	742,090	71,164
County Sheriff	2,484,553	2,484,553	2,375,085	109,468
County Attorney	1,298,947	1,298,947	1,240,948	57,999
Courthouse/Maintenance	622,261	622,261	519,814	102,447
County Surveyor	114,164	114,164	105,435	8,729
County Coroner	84,515	84,515	71,579	12,936
Agricultural agents	177,754	177,754	133,342	44,412
Clerk of District Court	617,117	617,117	601,237	15,880
County jail	2,959,571	2,959,571	2,870,307	89,264
Road and bridge	4,724,963	4,724,963	3,813,523	911,440
Elections	201,298	201,298	144,823	56,475
Emergency management	229,987	229,987	224,908	5,079
IT	116,433	132,446	132,445	1
Health	372,039	372,039	294,841	77,198
Parks and recreation	670,688	670,688	557,200	113,488
Special projects	54,662	54,662	47,747	6,915
Total County departments	17,456,575	17,472,588	15,700,355	1,772,233

(Continued)

Converse County, Wyoming

Year Ended June 30, 2021

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Non-GAAP) - General Fund (Continued)

(Unaudited)

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
General accounts	\$ 5,304,853	\$ 5,304,853	\$ 4,754,927	\$ 549,926
Community aid	1,538,090	1,538,090	1,081,597	456,493
Fire departments	1,364,668	1,364,668	1,364,668	-
Depreciation	938,008	938,008	506,707	431,301
Total other expenditures	9,145,619	9,145,619	7,707,899	1,437,720
Total general fund	26,602,194	26,618,207	23,408,254	3,209,953
Fund included for financial reporting				
Economic development	48,500	104,765	104,674	91
Total expenditures	26,650,694	26,722,972	23,512,928	3,210,044
Excess of revenues over expenditures	16,438,467	16,366,189	22,325,554	5,959,365
Other financing sources (uses)				
Reserve funds included for financial reporting				
Transfers in	-	-	4,300,000	-
Transfers out				
Capital projects fund	-	-	(28,825,000)	(28,825,000)
General fund				
Transfers out				
Reserve funds included in				
for financial reporting	(4,300,000)	(4,300,000)	(4,300,000)	-
Medical Insurance fund	(400,000)	(400,000)	(400,000)	-
Joint Justice Communications	(762,902)	(762,902)	(762,902)	-
Joint Justice Operations	(307,282)	(307,282)	(307,282)	-
County Road fund	(12,272,638)	(12,272,638)	(12,272,638)	-
Capital projects fund	(5,800,000)	(5,800,000)	(5,800,000)	-
Total other financing uses	(23,842,822)	(23,842,822)	(48,367,822)	(28,825,000)
Net change in fund balance	(7,404,355)	(7,476,633)	(26,042,268)	\$ (18,565,635)
Fund balance, beginning of year	50,488,173	50,488,173	50,488,173	
Fund balance, end of year	\$ 43,083,818	\$ 43,011,540	\$ 24,445,905	

Converse County, Wyoming

Year Ended June 30, 2021

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP) - Joint Justice Center Joint Powers Board
(Unaudited)**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 779,669	\$ 779,669	\$ 639,035	\$ (140,634)
Miscellaneous income	1,550	1,550	663	(887)
	<u>781,219</u>	<u>781,219</u>	<u>639,698</u>	<u>(141,521)</u>
Expenditures				
Public safety	2,828,304	2,828,304	1,390,816	1,437,488
Total expenditures	<u>2,828,304</u>	<u>2,828,304</u>	<u>1,390,816</u>	<u>1,437,488</u>
Deficiency of revenues over expenditures	<u>(2,047,085)</u>	<u>(2,047,085)</u>	<u>(751,118)</u>	<u>1,295,967</u>
Other financing sources				
Transfers in	354,000	354,000	1,014,268	660,268
Total other financing sources	<u>354,000</u>	<u>354,000</u>	<u>1,014,268</u>	<u>660,268</u>
Net change in fund balance	(1,693,085)	(1,693,085)	263,150	<u>\$ 635,699</u>
Fund balance, beginning of year	<u>2,451,480</u>	<u>2,451,480</u>	<u>2,451,480</u>	
Fund balance, end of year	<u>\$ 758,395</u>	<u>\$ 758,395</u>	<u>\$ 2,714,630</u>	

Converse County, Wyoming

Year Ended June 30, 2021

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP) - Health Grants

(Unaudited)

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 445,552	\$ 445,552	\$ 7,605,824	\$ 7,160,272
	<u>445,552</u>	<u>445,552</u>	<u>7,605,824</u>	<u>7,160,272</u>
Expenditures				
Health, welfare and recreation	436,875	1,812,811	1,812,820	(9)
Total expenditures	<u>436,875</u>	<u>1,812,811</u>	<u>1,812,820</u>	<u>(9)</u>
Excess of revenues over expenditures	8,677	(1,367,259)	5,793,004	<u>7,160,263</u>
Fund balance, beginning of year	<u>(64,526)</u>	<u>(64,526)</u>	<u>(64,526)</u>	
Fund balance, end of year	<u>\$ (55,849)</u>	<u>\$ (1,431,785)</u>	<u>\$ 5,728,478</u>	

**Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)**

	2021	2020	2019
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.238076340%	0.237228188%	0.220277244%
Proportionate share of the net pension liability	\$ 5,174,255	\$ 5,574,688	\$ 6,708,083
Covered payroll	\$ 4,238,871	\$ 4,123,531	\$ 3,835,808
Proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.952516736%	1.907345700%	1.810349612%
Proportionate share of the net pension liability	\$ 1,330,097	\$ 1,644,108	\$ 4,382,355
Covered payroll	\$ 3,138,465	\$ 2,972,626	\$ 2,749,897
Proportionate share of the net pension liability as a percentage of its covered payroll	42.38%	55.31%	159.36%
Plan fiduciary net position as a percentage of the total pension liability	91.82%	89.05%	71.22%
Public Employees Pension Plan - Component Units			
County Library			
Proportion of the net pension liability	0.033387781%	0.029629255%	0.027193712%
Proportionate share of the net pension liability	\$ 725,637	\$ 696,266	\$ 828,128
Covered payroll	\$ 594,459	\$ 515,019	\$ 473,539
Proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%
Weed and Pest Control District			
Proportion of the net pension liability	0.010800000%	0.010900000%	0.010900000%
Proportionate share of the net pension liability	\$ 236,401	\$ 256,812	\$ 333,779
Covered payroll	\$ 181,548	\$ 198,587	\$ 190,766
Proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%
County Airport			
Proportion of the net pension liability	0.003120700%	0.003181200%	0.003029400%
Proportionate share of the net pension liability	\$ 67,824	\$ 74,756	\$ 92,254
Covered payroll	\$ 57,000	\$ 57,000	\$ 53,000
Proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%

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.

2018	2017	2016	2015	2014	2013	2012
0.211565155%	0.206237500%	0.198163118%	0.1861788%	*	*	*
\$ 4,822,290	\$ 4,985,792	\$ 4,615,908	\$ 3,285,484	*	*	*
\$ 3,758,196	\$ 3,677,019	\$ 3,456,111	\$ 3,182,564	*	*	*
128.31%	135.59%	133.56%	103.23%	*	*	*
76.35%	73.42%	73.40%	79.08%	*	*	*
1.622652523%	1.495636600%	1.457628033%	1.377891923%	*	*	*
\$ 1,396,203	\$ 1,129,085	\$ 1,094,696	\$ 405,977	*	*	*
\$ 2,491,536	\$ 2,314,934	\$ 2,192,269	\$ 2,036,398	*	*	*
56.04%	48.77%	49.95%	19.94%	*	*	*
87.99%	88.11%	87.49%	94.76%	*	*	*
0.028809576%	0.026330700%	0.023557055%	0.026475595%	*	*	*
\$ 656,669	\$ 636,545	\$ 548,726	\$ 467,213	*	*	*
\$ 511,767	\$ 469,451	\$ 410,852	\$ 452,577	*	*	*
128.31%	135.59%	133.56%	103.23%	*	*	*
76.35%	73.42%	73.40%	79.08%	*	*	*
0.009300000%	0.008500000%	0.008697388%	0.009060781%	*	*	*
\$ 213,061	\$ 206,106	\$ 202,592	\$ 159,895	*	*	*
\$ 180,385	\$ 155,408	\$ 150,909	\$ 168,569	*	*	*
128.31%	135.59%	133.56%	103.23%	*	*	*
76.35%	73.42%	73.40%	79.08%	*	*	*
0.002774900%	0.002780300%	0.001547517%	N/A	N/A	N/A	N/A
\$ 63,249	\$ 67,214	\$ 36,074	N/A	N/A	N/A	N/A
\$ 49,000	\$ 50,000	\$ 27,000	N/A	N/A	N/A	N/A
128.31%	135.59%	133.56%	N/A	N/A	N/A	N/A
76.35%	73.42%	73.40%	N/A	N/A	N/A	N/A

**Schedule of Pension Contributions
(Unaudited)**

	2021	2020	2019
Public Employees Pension Plan - County			
Statutorily required contribution	\$ 384,621	\$ 376,795	\$ 353,086
Contributions in relations to the statutorily required contributions	(384,621)	(376,795)	(353,086)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,217,336	\$ 4,247,971	\$ 4,096,125
Contributions as a percentage of payroll	9.12%	8.87%	8.62%
Law Enforcement Pension Plan - County			
Statutorily required contribution	\$ 275,429	\$ 269,800	\$ 255,992
Contributions in relations to the statutorily required contributions	(275,429)	(269,800)	(255,992)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,202,663	\$ 3,137,209	\$ 2,976,651
Contributions as a percentage of payroll	8.60%	8.60%	8.60%
Public Employees Pension Plan - Component Units			
County Library			
Statutorily required contribution	\$ 57,226	\$ 52,773	\$ 46,258
Contributions in relations to the statutorily required contributions	(57,226)	(52,773)	(46,258)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 627,478	\$ 594,961	\$ 536,636
Contributions as a percentage of payroll	9.12%	8.87%	8.62%
Weed and Pest Control District			
Statutorily required contribution	\$ 16,557	\$ 17,615	\$ 16,441
Contributions in relations to the statutorily required contributions	(16,557)	(17,615)	(16,441)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 181,548	\$ 198,587	\$ 190,766
Contributions as a percentage of payroll	9.12%	8.87%	8.62%
County Airport			
Statutorily required contribution	\$ 5,500	\$ 5,000	\$ 4,800
Contributions in relations to the statutorily required contributions	(5,500)	(5,000)	(4,800)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 60,300	\$ 56,400	\$ 56,300
Contributions as a percentage of payroll	9.12%	8.87%	8.62%

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

2018	2017	2016	2015	2014	2013	2012
\$ 309,439	\$ 310,473	\$ 311,076	\$ 278,956	*	*	*
(309,439)	(310,473)	(311,076)	(278,956)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 3,697,001 8.37%	\$ 3,709,355 8.37%	\$ 3,716,559 8.37%	\$ 3,660,840 7.62%	*	*	*
\$ 227,379	\$ 204,925	\$ 201,084	\$ 178,882	*	*	*
(227,379)	(204,925)	(201,084)	(178,882)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 2,643,942 8.60%	\$ 2,382,849 8.60%	\$ 2,338,186 8.60%	\$ 2,080,023 8.60%	*	*	*
\$ 44,825	\$ 42,445	\$ 35,444	\$ 36,950	*	*	*
(44,825)	(42,445)	(35,444)	(36,950)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 535,544 8.37%	\$ 507,109 8.37%	\$ 423,465 8.37%	\$ 484,908 7.62%	*	*	*
\$ 15,098	\$ 13,008	\$ 12,631	\$ 12,846	*	*	*
(15,098)	(13,008)	(12,631)	(12,846)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 180,385 8.37%	\$ 155,408 8.37%	\$ 150,909 8.37%	\$ 168,569 7.62%	*	*	*
\$ 4,000	\$ 4,100	\$ 4,400	N/A	N/A	N/A	N/A
(4,000)	(4,100)	(4,400)	N/A	N/A	N/A	N/A
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 48,300 8.37%	\$ 49,100 8.37%	\$ 52,600 8.37%	N/A N/A	N/A N/A	N/A N/A	N/A N/A

Notes to the Required Supplementary Information

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	\$ 33,681,195	\$ -	\$ (33,681,195)	\$ -
Tax - property	-	13,173	29,642,590	29,655,763
Tax - other	-	(41,781)	12,033,405	11,991,624
Licenses and permits	1,155,812	-	(1,155,812)	-
Intergovernmental revenues	10,323,211	11,668	(9,394,178)	940,701
Charges for services	201,249	3,411	1,084,678	1,289,338
Investment income	48,134	174,857	62,670	285,661
Economic development	-	-	44,707	44,707
Miscellaneous revenues	50,005	(265)	1,580,948	1,630,688
	<u>\$ 45,459,606</u>	<u>\$ 161,063</u>	<u>\$ 217,813</u>	<u>\$ 45,838,482</u>
Expenditures				
General government	\$ 12,714,580	\$ (4,144)	\$ (12,710,436)	\$ -
Public safety	5,484,870	14,571	(5,499,441)	-
Public works	3,758,258	(55,265)	(3,702,993)	-
Health, welfare and recreation	870,329	-	(870,329)	-
Conservation of natural resources	132,114	(1,229)	(130,885)	-
Capital outlay	506,707	-	(506,707)	-
County Commissioners	-	-	440,267	440,267
County Clerk	-	-	686,479	686,479
County Treasurer	-	-	698,285	698,285
County Assessor	-	-	742,090	742,090
County Sheriff	-	-	2,375,085	2,375,085
County Attorney	-	-	1,240,948	1,240,948
Courthouse maintenance	-	-	519,814	519,814
County Surveyor	-	-	105,435	105,435
County Coroner	-	-	71,579	71,579
Agricultural Agents	-	-	133,342	133,342
Clerk of District Court	-	-	601,237	601,237
IT	-	-	132,445	132,445
County jail	-	-	2,870,307	2,870,307
Road and bridge	-	-	3,813,523	3,813,523
Elections	-	-	144,823	144,823
Health	-	-	294,841	294,841
Emergency management	-	-	224,908	224,908
Special projects	-	-	47,747	47,747
General accounts	-	-	4,754,927	4,754,927
Depreciation reserve	-	-	506,707	506,707
Community aid	-	-	1,081,597	1,081,597
Fire suppression	-	-	1,364,668	1,364,668
Parks and recreation	-	-	557,200	557,200
Economic development	-	-	104,674	104,674
	<u>\$ 23,466,858</u>	<u>\$ (46,067)</u>	<u>\$ 92,137</u>	<u>\$ 23,512,928</u>

Notes to the Required Supplementary Information

Note 1. Basis of Budgeting (Continued)

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Intergovernmental revenues	\$ 654,758	\$ (15,723)	\$ -	\$ 639,035
Miscellaneous income	663	-	-	663
	<u>\$ 655,421</u>	<u>\$ (15,723)</u>	<u>\$ -</u>	<u>\$ 639,698</u>
Expenditures				
Public safety	\$ 1,419,465	\$ (28,649)	\$ -	\$ 1,390,816
	<u>\$ 1,419,465</u>	<u>\$ (28,649)</u>	<u>\$ -</u>	<u>\$ 1,390,816</u>

The adjustments necessary to convert GAAP basis revenues and expenditures of the Health Grants fund are as follows:

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Intergovernmental revenues	\$ 6,203,223	\$ (1,402,601)	\$ -	\$ 7,605,824
	<u>\$ 6,203,223</u>	<u>\$ (1,402,601)</u>	<u>\$ -</u>	<u>\$ 7,605,824</u>
Expenditures				
Public safety	\$ 1,812,820	\$ -	\$ -	\$ 1,812,820
	<u>\$ 1,812,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,812,820</u>

Budgetary Information

The schedules of revenues, expenditures and changes in fund balance – budget and actual – general fund, Joint Justice Center Joint Powers Board, and Health Grants present a comparison of the legally adopted budget with actual data. The County prepares its budgets 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.

Notes to the Required Supplementary Information

Note 1. Basis of Budgeting (Continued)

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, 2021, the County amended budgets in the following funds by either increasing revenues or expenditures:

- Increased general fund IT expenditures by \$16,013
- Increased economic development fund expenditures by \$56,265
- Increased prevention grant fund expenditures by \$1,375,936
- Increased TANF grant fund expenditures by \$2,486
- Increased capital projects fund expenditures by \$1,469,604
- Increasing impact assistance fund by \$709

During the fiscal year ended June 30, 2021, the County transferred \$28,825,000 from the general fund's reserve account to the capital projects fund for the construction of the Joint Justice Center Phase II project. This transfer was not budgeted which is a violation of Wyoming Statutes as outlined in Title 16-4 Article 1, Uniform Municipal Fiscal Procedures.

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 since the prior valuation.

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



**SUPPLEMENTARY
INFORMATION**

Converse County, Wyoming

June 30, 2021

Combining Balance Sheet - Nonmajor Governmental Funds

Special Revenue Funds

	Parks and Recreation	Health Department	Enhanced 911	K-9
ASSETS				
Cash and cash equivalents	\$ 67,880	\$ 61,919	\$ 341,795	\$ 31,065
Property taxes receivable	159	191	-	-
Accounts receivable	-	-	6,361	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid maintenance	-	-	13,648	-
Total assets	<u>\$ 68,039</u>	<u>\$ 62,110</u>	<u>\$ 361,804</u>	<u>\$ 31,065</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,791	\$ 330
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,791</u>	<u>330</u>
Deferred inflows of resources				
Unavailable property tax revenue	159	191	-	-
Total deferred inflows of resources	<u>159</u>	<u>191</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	13,648	-
Restricted				
Parks and recreation	67,880	-	-	-
Health department	-	61,919	-	-
Enhanced 911	-	-	340,365	-
Grants	-	-	-	30,735
Assigned				
Inmate welfare	-	-	-	-
Impact assistance	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>67,880</u>	<u>61,919</u>	<u>354,013</u>	<u>30,735</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,039</u>	<u>\$ 62,110</u>	<u>\$ 361,804</u>	<u>\$ 31,065</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Health and Human Resources Grant	Maternal Child
\$ 26,371	\$ 7,233	\$ 11,024	\$ 51,954	\$ 40,364	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,401	-	13,077	-	19,373	-
-	1,164	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 26,371</u>	<u>\$ 9,798</u>	<u>\$ 11,024</u>	<u>\$ 65,031</u>	<u>\$ 40,364</u>	<u>\$ 19,373</u>	<u>\$ -</u>
\$ -	\$ 82	\$ -	\$ 44,794	\$ -	\$ 4,434	\$ 414
-	-	-	1,164	-	14,436	5,750
-	82	-	45,958	-	18,870	6,164
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,371	9,716	11,024	19,073	-	503	-
-	-	-	-	40,364	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(6,164)
<u>26,371</u>	<u>9,716</u>	<u>11,024</u>	<u>19,073</u>	<u>40,364</u>	<u>503</u>	<u>(6,164)</u>
<u>\$ 26,371</u>	<u>\$ 9,798</u>	<u>\$ 11,024</u>	<u>\$ 65,031</u>	<u>\$ 40,364</u>	<u>\$ 19,373</u>	<u>\$ -</u>

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Converse County, Wyoming

June 30, 2021

**Combining Balance Sheet - Nonmajor Governmental Funds
Special Revenue Funds (Continued)**

	WIC Grant	Impact Assistance	HIV Grant	Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 1,532	\$ 438,090	\$ 3,536	\$ 1,082,763
Property taxes receivable	-	-	-	350
Accounts receivable	-	-	-	6,361
Due from other governments	-	-	-	33,851
Due from other funds	-	-	3,604	4,768
Prepaid maintenance	-	-	-	13,648
Total assets	<u>\$ 1,532</u>	<u>\$ 438,090</u>	<u>\$ 7,140</u>	<u>\$ 1,141,741</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 4,536	\$ 7,302	\$ 69,683
Due to other funds	-	-	-	21,350
Total liabilities	<u>-</u>	<u>4,536</u>	<u>7,302</u>	<u>91,033</u>
Deferred inflows of resources				
Unavailable property tax revenue	-	-	-	350
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>
Fund balances				
Nonspendable	-	-	-	13,648
Restricted				
Parks and recreation	-	-	-	67,880
Health department	-	-	-	61,919
Enhanced 911	-	-	-	340,365
Grants	1,532	-	-	98,954
Assigned				
Inmate welfare	-	-	-	40,364
Impact assistance	-	433,554	-	433,554
Unassigned	-	-	(162)	(6,326)
Total fund balances (deficit)	<u>1,532</u>	<u>433,554</u>	<u>(162)</u>	<u>1,050,358</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,532</u>	<u>\$ 438,090</u>	<u>\$ 7,140</u>	<u>\$ 1,141,741</u>

Converse County, Wyoming

Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds

	Parks and Recreation	Health Department	Enhanced 911	K-9
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 135,886	\$ -
Investment income	-	167	835	88
Miscellaneous revenues	-	-	-	-
Total revenues	<u>-</u>	<u>167</u>	<u>136,721</u>	<u>88</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	132,075	2,686
Health, welfare and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>132,075</u>	<u>2,686</u>
Net changes in fund balances	<u>-</u>	<u>167</u>	<u>4,646</u>	<u>(2,598)</u>
Fund balances (deficits), beginning of year	<u>67,880</u>	<u>61,752</u>	<u>349,367</u>	<u>33,333</u>
Fund balances (deficits), end of year	<u>\$ 67,880</u>	<u>\$ 61,919</u>	<u>\$ 354,013</u>	<u>\$ 30,735</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Health and Human Resources Grant	Maternal Child
\$ -	\$ 12,206	\$ -	\$ 170,618	\$ -	\$ 95,677	\$ 43,137
-	-	-	-	108	-	(117)
-	-	-	3,500	-	-	-
-	12,206	-	174,118	108	95,677	43,020
-	-	-	10,869	-	95,174	-
-	-	-	124,380	-	-	-
-	12,436	-	-	-	-	43,234
-	-	-	91,703	-	-	-
-	12,436	-	226,952	-	95,174	43,234
-	(230)	-	(52,834)	108	503	(214)
26,371	9,946	11,024	71,907	40,256	-	(5,950)
\$ 26,371	\$ 9,716	\$ 11,024	\$ 19,073	\$ 40,364	\$ 503	\$ (6,164)

(Continued)

Converse County, Wyoming

Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds (Continued)

	WIC Grant	Impact Assistance	HIV Grant	Nonmajor Special Revenue Funds
Revenues				
Intergovernmental revenues	\$ -	\$ 946,408	\$ 10,438	\$ 1,414,370
Investment income	-	-	-	1,081
Miscellaneous revenues	-	-	-	3,500
Total revenues	<u>-</u>	<u>946,408</u>	<u>10,438</u>	<u>1,418,951</u>
Expenditures				
General government	-	-	-	106,043
Public safety	-	-	-	259,141
Health, welfare and recreation	-	-	10,228	65,898
Capital outlay	-	9,781	-	101,484
Total expenditures	<u>-</u>	<u>9,781</u>	<u>10,228</u>	<u>532,566</u>
Net changes in fund balances	<u>-</u>	<u>936,627</u>	<u>210</u>	<u>886,385</u>
Fund balances (deficits), beginning of year	<u>1,532</u>	<u>(503,073)</u>	<u>(372)</u>	<u>163,973</u>
Fund balances (deficits), end of year	<u>\$ 1,532</u>	<u>\$ 433,554</u>	<u>\$ (162)</u>	<u>\$ 1,050,358</u>

Converse County, Wyoming

June 30, 2021

Combining Statement of Net Position

Converse County Library and Converse County Library Foundation

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 722,419	\$ 274,738	\$ 997,157
Cash held by fiscal agent	142,800	-	142,800
Investments	1,011,041	3,535	1,014,576
Property taxes receivable	1,519	-	1,519
Accounts receivable	153	-	153
Prepaid items	14,049	-	14,049
Restricted cash and cash equivalents, long-term	95,976	-	95,976
Restricted investments, long-term	5,298,195	261,395	5,559,590
Beneficial interest in assets held by others	-	298,692	298,692
Capital assets not being depreciated	184,391	-	184,391
Capital assets being depreciated, net of accumulated depreciation	16,026,043	-	16,026,043
Total assets	<u>23,496,586</u>	<u>838,360</u>	<u>24,334,946</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	236,780	-	236,780
Total deferred outflows of resources	<u>236,780</u>	<u>-</u>	<u>236,780</u>
LIABILITIES			
Accounts payable and accrued liabilities	33,680	-	33,680
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	24,979	-	24,979
Net pension liability	725,637	-	725,637
Total liabilities	<u>784,296</u>	<u>-</u>	<u>784,296</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	253,015	-	253,015
Total deferred inflows of resources	<u>253,015</u>	<u>-</u>	<u>253,015</u>
NET POSITION			
Net investment in capital assets	16,026,043	-	16,026,043
Restricted by donors, nonexpendable	-	581,927	581,927
Restricted by donors, expendable	-	92,319	92,319
Restricted by voters	5,222,763	-	5,222,763
Unrestricted	1,447,249	164,114	1,611,363
Total net position	<u>\$ 22,696,055</u>	<u>\$ 838,360</u>	<u>\$ 23,534,415</u>

Converse County, Wyoming

Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures, and Changes in Net Position

Converse County Library and Converse County Library Foundation

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Charges for services	\$ 5,479	\$ -	\$ 5,479
Intergovernmental revenue	1,700,000	-	1,700,000
Miscellaneous	250	-	250
Investment income	40,059	76,494	116,553
Public support	300,000	14,849	314,849
Total revenues	<u>2,045,788</u>	<u>91,343</u>	<u>2,137,131</u>
Expenditures			
Current			
Health, welfare and recreation	2,150,560	12	2,150,572
Debt service			
Interest	411	-	411
Total expenditures	<u>2,150,971</u>	<u>12</u>	<u>2,150,983</u>
Excess (deficiency) of revenues over expenditures	(105,183)	91,331	(13,852)
Net position, beginning of year	<u>22,801,238</u>	<u>747,029</u>	<u>23,548,267</u>
Net position, end of year	<u>\$ 22,696,055</u>	<u>\$ 838,360</u>	<u>\$ 23,534,415</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

Board of County 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 1, 2022.

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. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



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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 2021-001 that we consider to be a material weakness.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
April 1, 2022



SINGLE AUDIT SECTION

Converse County, Wyoming
Year Ended June 30, 2021
Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through Wyoming State Forestry Division				
Cooperative Forestry Assistance	10.664	17-DG-11020000-040	\$ 48,212	\$ 48,212
Cooperative Forestry Assistance	10.664	20-DG-11021600-020	17,551	17,551
Total U.S. Department of Agriculture			<u>65,763</u>	<u>65,763</u>
U.S. Department of Justice				
Direct grant				
Bulletproof Vest Partnership Program	16.607	-	-	10,000
Total U.S. Department of Justice			<u>-</u>	<u>10,000</u>
U.S. Department of Transportation				
Passed through Wyoming Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	HR20201	-	36,665
Highway Planning and Construction	20.205	HR20202	-	46,051
<i>Total Highway Planning and Construction Cluster</i>			<u>-</u>	<u>82,716</u>
Passed through Wyoming Association of Sheriff's and Chief's of Police				
Alcohol Open Container Requirements	20.607	-	-	12,801
Total U.S. Department of Transportation			<u>-</u>	<u>95,517</u>
U.S. Department of Treasury				
Passed through State of Wyoming Governor's Office				
COVID-19 - Coronavirus Relief Fund	21.019	CL84405	-	294,437
Passed through Wyoming Department of Health				
COVID-19 - Coronavirus Relief Fund	21.019	-	-	71,790
COVID-19 - Coronavirus Relief Fund	21.019	210138	-	32,402
			<u>-</u>	<u>104,192</u>
Passed through State of Wyoming State Land and Investment Board				
COVID-19 - Coronavirus Relief Fund	21.019	CRF-190	-	37,643
COVID-19 - Coronavirus Relief Fund	21.019	CRF-265	-	400,000
COVID-19 - Coronavirus Relief Fund	21.019	CRF-286	-	175,550
COVID-19 - Coronavirus Relief Fund	21.019	CRF-333	-	4,200,000
COVID-19 - Coronavirus Relief Fund	21.019	CRF-334	-	395,639
COVID-19 - Coronavirus Relief Fund	21.019	CRF-335	-	293,558
COVID-19 - Coronavirus Relief Fund	21.019	CRF-336	-	21,695
COVID-19 - Coronavirus Relief Fund	21.019	CRF-337	-	200,000
COVID-19 - Coronavirus Relief Fund	21.019	CRF-338	-	2,382
			<u>-</u>	<u>6,125,096</u>
Passed through Wyoming Department of Family Services				
COVID-19 - Emergency Rental Assistance Program	21.023	ERA0420	-	44,707
			<u>-</u>	<u>44,707</u>
Total U.S. Department of Treasury			<u>-</u>	<u>6,169,803</u>

(Continued)

Converse County, Wyoming
Year Ended June 30, 2021
Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Grantor's Project Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through Wyoming Department of Health Public Health Emergency Preparedness	93.069	NU90TP922044-03	\$ -	\$ 95,174
			-	95,174
Passed through Wyoming Department of Health Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	-	16,921
			-	16,921
Passed through Wyoming Department of Health Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000540-01-04	-	5,993
			-	5,993
Passed through Wyoming Department of Health COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922093-01	-	15,861
			-	15,861
Passed through Wyoming Department of Health National and State Tobacco Control Program	93.387	-	-	12,378
			-	12,378
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	-	-	12,116
			-	12,116
Passed through Wyoming Department of Health HIV Care Formula Grants	93.917	-	-	10,222
			-	10,222
Passed through Wyoming Department of Health Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	-	22,908
Total U.S. Department of Health and Human Services			-	22,908
			-	191,573
U.S. Department of Homeland Security				
Passed through Wyoming Office of Homeland Security				
Emergency Management Performance Grants	97.042	20-EMPG-CON-GCF20	-	30,000
Total U.S. Department of Homeland Security			-	30,000
Total Expenditures of Federal Award			\$ 65,763	\$ 6,562,656

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Converse County, Wyoming under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Converse County, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Converse County, Wyoming.

Converse County, Wyoming's basic financial statements include the operations of the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board a discretely presented component units. The Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board engaged other auditors to perform their audits. The reports of those auditors did not reference any federal awards being expended by the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Payment in Lieu of Taxes – CFDA 15.226

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under Uniform Guidance. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there is no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2021, the County recognized \$919,553 of PILT entitlement as income.

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Converse County, Wyoming

Report on Compliance for the Major Federal Program

We have audited Converse County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Converse County, Wyoming's major federal programs for the year ended June 30, 2021. Converse County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Converse County, Wyoming's basic financial statements include the operations of the Memorial Hospital of Converse County, the Converse County Airport, and the Converse County Weed and Pest District discretely presented component units. Our audit described below, did not include the operations of the Memorial Hospital of Converse County, the Converse County Airport, and the Converse County Weed and Pest District because the component units engaged other auditors to perform their audits. The report of those auditors did not reference any federal awards being expended by the Memorial Hospital of Converse County, the Converse County Airport, and the Converse County Weed and Pest District. Our responsibility is to express an opinion on Converse County, Wyoming's compliance based on our audit.

Management's Responsibility

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

Auditor's Responsibility

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



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

Opinion on Each Major Federal Program

In our opinion, Converse County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
April 1, 2022

Schedule of Findings and Questioned Costs

Section I Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program Cluster
20.019	COVID-19 - Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? No

(Continued)

Schedule of Findings and Questioned Costs (Continued)

Section II Financial Statement Findings

Internal Control Matters

Material Weakness in Internal Control over Financial Reporting

2021-001

Preparation of Financial Statements

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.

Converse County, Wyoming

June 30, 2021

Schedule of Findings and Questioned Costs (Continued)

Section II Financial Statement Findings (Continued)

Identification of a Repeat Finding

This is a repeat finding from June 30, 2020 audit 2020-001.

Views of responsible officials

See Corrective Action Plan.

Compliance Findings

None reported.

Section III Federal Award Findings and Questioned Costs

None reported.

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Board of Commissioners

Converse County, Wyoming

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

Schedule of Prior Audit Findings

June 30, 2020

2020-001

Preparation of Financial Statements

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.

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Board of Commissioners

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CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS

Finding 2021-001 – 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.