

Converse County



Financial and Compliance Report
Year Ended June 30, 2014



CONVERSE COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2014

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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, 2014, 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, Converse County Weed and Pest Control District, and the Converse County Airport Board, discretely presented component units, which represent 96 percent, 96 percent and 97 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of Converse County, Wyoming. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Converse County, Wyoming, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 statement in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis 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.

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

Other Supplementary Information and Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Converse County, Wyoming's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards as listed in the table of contents presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Converse County, Wyoming.

Board of County Commissioners
Converse County, Wyoming

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2015, 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 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 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
February 13, 2015

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(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, 2014. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia and Howard, Certified Public Accountants. The Independent Auditor's Report, financial statements and accompanying notes and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The County's total assets exceeded liabilities as of June 30, 2014 by \$78,949,733 (Net Position). Of this amount \$41,234,835 (unrestricted Net Position) may be used to meet ongoing obligations, and \$24,333,707, is invested in capital assets, net of related debt.

As of June 30, 2014, the County's governmental funds reported combined fund balances of \$53,196,633. Unassigned fund balance of the combined fund balance was \$10,908,268.

The fund balance for the general fund was \$26,200,587 as of June 30, 2014, with an unassigned fund balance of \$10,913,867.

Overview of the Financial Statements

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

Government - wide Financial Statements

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

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

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

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

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

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

The County's government-wide financial statements are presented on pages 17 through 19.

Fund Financial Statements

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

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

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

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

The County governmental fund financial statements are presented on pages 20 through 23.

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

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

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.

The fiduciary funds statement is presented on page 27.

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. The notes are presented on pages 32 through 56.

Required Supplementary Information is presented concerning the County's General Fund budget. The County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 58 through 62.

In addition to the required elements, we have included combining statements that provide details about our non-major governmental funds and fiduciary funds presented as single columns in the basic financial statements. Additionally, we have included fund financial statements and information about budgetary compliance for the discretely presented component units which do not issue separate financial statements. This information is presented as other supplementary information immediately following the required supplementary information. Other supplementary information is presented on pages 64 through 76 and governmental audit and compliance information is presented on pages 78 through 87.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$78,949,733. A large portion of the County's net position (31%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads and bridges. These assets are not available for future spending. The County had \$732,221 in outstanding debt related to its capital assets. The unrestricted net position of \$41,234,835 (52%) may be used to meet the County's ongoing obligations.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

The County's net position for the governmental activities as of June 30, 2014, were as follows:

	<u>2014</u>	<u>Variance</u>	<u>2013</u>
ASSETS			
Current assets	\$ 71,652,477	\$ 33,005,894	\$ 38,646,583
Capital assets, net of accumulated depreciation	25,065,928	7,384,281	17,681,647
Total assets	<u>96,718,405</u>	<u>40,390,175</u>	<u>56,328,230</u>
LIABILITIES			
Current liabilities	2,710,052	(1,051,234)	1,658,818
Due in more than one year	587,425	60,751	648,176
Total liabilities	<u>3,297,477</u>	<u>(990,483)</u>	<u>2,306,994</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	14,471,195	(14,471,195)	-
NET POSITION			
Net investment in capital assets	24,333,707	7,092,249	17,241,458
Restricted	13,381,191	10,268,712	3,112,479
Unrestricted	41,234,835	7,567,536	33,667,299
Total net position	<u>\$ 78,949,733</u>	<u>\$ 24,928,497</u>	<u>\$ 54,021,236</u>

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

	2014	Percentage	2013	Percentage	Variance
Revenues					
General					
Taxes					
Property	\$ 10,942,254	26.2%	\$ 9,563,351	34.2%	\$ 1,378,903
Sales	19,580,449	46.8%	8,480,725	30.3%	11,099,724
Other	7,541,778	18.0%	5,852,640	20.9%	1,689,138
Other grants and contributions	90,000	0.2%	-	0.0%	90,000
Payments in lieu of taxes	631,029	1.5%	652,116	2.3%	(21,087)
Unrestricted interest earnings	236,835	0.6%	104,430	0.4%	132,405
Miscellaneous	149,884	0.4%	1,614,633	5.8%	(1,464,749)
Program Revenues					
Charges for services	1,098,529	2.6%	616,369	2.2%	482,160
Operating grants and contributions	951,093	2.3%	897,989	3.2%	53,104
Capital grants contributions	586,941	1.4%	200,000	0.7%	386,941
Total revenues	<u>41,808,792</u>	<u>100.0%</u>	<u>27,982,253</u>	<u>100.0%</u>	<u>13,826,539</u>
Expenses					
General government	6,765,248	40.1%	6,588,584	48.0%	176,664
Public safety	4,545,909	26.9%	3,823,808	27.9%	722,101
Public works	4,920,353	29.2%	2,673,897	19.5%	2,246,456
Health, welfare, and recreation	328,078	1.9%	364,906	2.7%	(36,828)
Conservation of natural resources	307,055	1.8%	241,908	1.8%	65,147
Interest on long-term debt	13,652	0.1%	15,841	0.1%	(2,189)
Total expenses	<u>16,880,295</u>	<u>100.0%</u>	<u>13,708,944</u>	<u>100.0%</u>	<u>3,171,351</u>
Changes in net position	<u>24,928,497</u>		<u>14,273,309</u>		<u>\$ 10,655,188</u>
Net position, beginning of year	<u>54,021,236</u>		<u>39,747,927</u>		
Net position, end of year	<u>\$ 78,949,733</u>		<u>\$ 54,021,236</u>		

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014
(Unaudited)

Financial Analysis of the County's Funds

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

At June 30, 2014, the County's governmental funds reported combined fund balances of \$53,196,633.

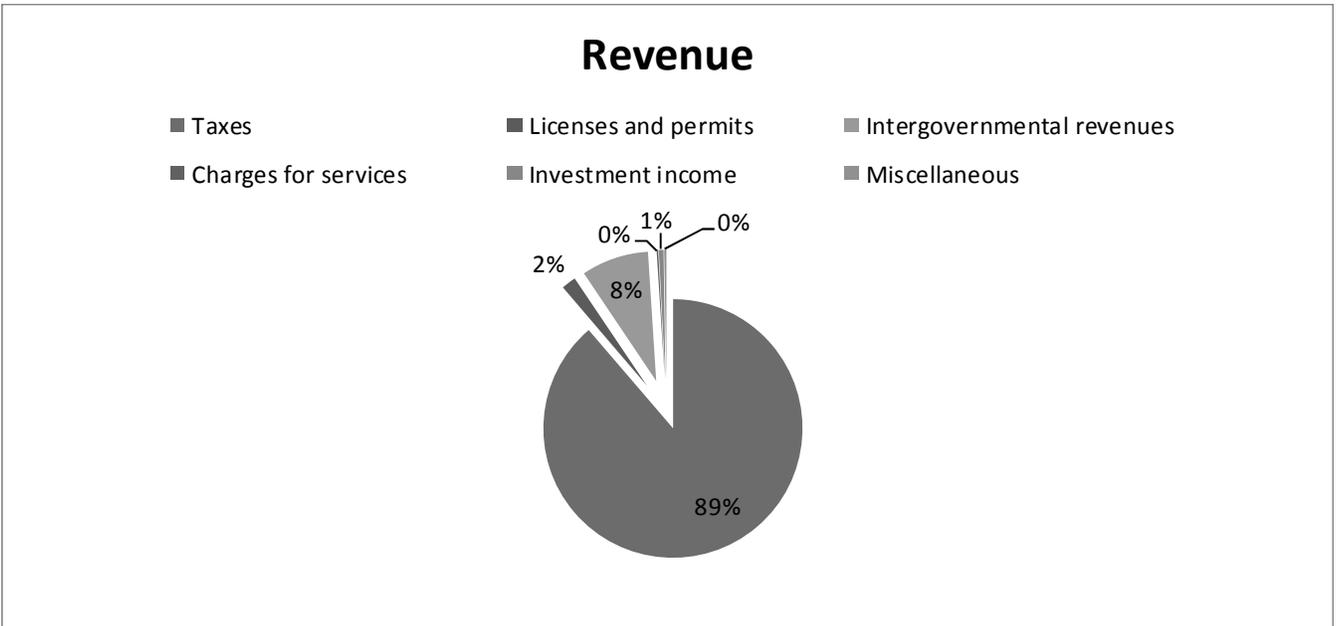
The General Fund is the main operating fund of the County. As of June 30, 2014, the total fund balance was \$26,200,587, while the unassigned General Fund balance was \$10,913,867.

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, 2014, the County Road Fund shows a fund balance of \$15,369,565.

The Special Purpose Tax Fund is used to account for the proceeds and disbursements for the special tax levied for the construction of future projects of the Converse County Library and the Eastern Wyoming College campus.

Revenues for governmental funds were approximately \$41.3 million for the fiscal year ended June 30, 2014. The following schedule presents revenues by source.

Revenues	2014	Percentage	2013	Percentage	Variance
Taxes	\$36,627,838	88.7%	\$23,254,922	83.1%	\$13,372,916
Licenses and permits	743,536	1.8%	483,878	1.7%	259,658
Intergovernmental revenues	3,473,295	8.4%	3,436,424	12.3%	36,871
Charges for services	82,540	0.2%	80,377	0.3%	2,163
Investment income	232,342	0.6%	103,052	0.4%	129,290
Miscellaneous	108,554	0.3%	624,735	2.2%	(516,181)
Total revenues	\$41,268,105	100.0%	\$27,983,388	100.0%	\$13,284,717



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

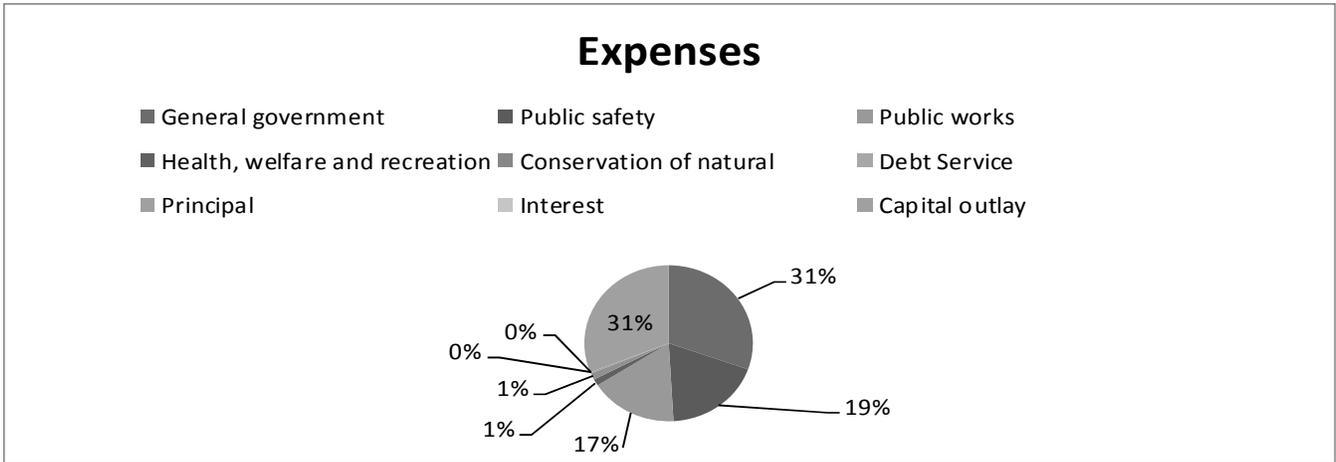
June 30, 2014
(Unaudited)

Financial Analysis of the County's Funds (Continued)

Expenditures for governmental funds were approximately \$24 million for fiscal year 2014.

The following schedule presents expenditures by activities.

Expenditures	2014	Percentage	2013	Percentage	Variance
Current					
General government	\$ 7,346,581	30.4%	\$ 6,082,560	36.3%	\$ 1,264,021
Public safety	4,501,187	18.6%	3,785,234	22.7%	715,953
Public works	4,082,305	16.9%	1,746,625	10.5%	2,335,680
Health, welfare and recreation	328,673	1.4%	360,940	2.2%	(32,267)
Conservation of natural resources	321,766	1.3%	244,976	1.5%	76,790
Debt Service					
Principal	66,406	0.3%	64,216	0.4%	2,190
Interest	13,652	0.1%	15,841	0.1%	(2,189)
Capital outlay	7,486,410	31.0%	4,402,620	26.3%	3,083,790
Total expenditures	\$24,146,980	100.0%	\$16,703,012	100.0%	\$ 7,443,968



County General Fund revenue increased for the seventh year in a row, rising \$4.0 million and 18% from fiscal year 2013 to fiscal year 2014. This increase follows a 27% revenue increase from 2012 to 2013.

Resource extraction activities continue to drive the County's economy. According to the Wyoming Oil and Gas Commission, they issued 1,100 drill permits for Converse County in 2014, compared to 794 in 2013. The increase in activity is driving both property taxes and sales tax. The taxable valuation of oil and gas rose 80% for tax year 2014, topping \$519 million. In fiscal year 2014, the mining industry accounted for 37% of all sales tax collections, which rose from \$8.72 million in fiscal year 2013 to \$9.8 million in fiscal year 2014.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

Better than expected revenue collections have enabled the County to build reserves in several funds. At the end of fiscal year 2014, the County had \$18.7 million in reserves, earmarked for the following purposes:

Reserves	Total
Operating Reserve	\$ 3,770,000
Building Reserve	\$10,482,649
Equipment Reserve	\$ 2,978,923
Salary Reserve	<u>\$ 1,510,601</u>
Total Reserves:	<u>\$18,742,173</u>

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

Capital Assets and Debt Administration

The County's investment in capital assets for its governmental activities as of June 30, 2014 was approximately \$23.9 million (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment. The County's investment in capital assets increased due to revenue collections exceeding budget projections by \$5.1 million, or 24%.

Rising revenues have also allowed the County to invest heavily in County infrastructure, especially County roads. In fiscal year 2015, the County will invest 19.7 million in county road projects, including \$4.9 on Ross Road, \$8.2 million on Walker Creek, \$1.4 million on Ayres Natural Bridge Road, \$470,000 on Jenne Trail, \$645,000 on Irvine Road, and another \$4 million for road maintenance and repairs as needed.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

The following schedule shows the changes in capital assets for governmental activities during the year:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,972,748	\$ -	\$ -	\$ 1,972,748
Construction in progress	774,586	9,099,512	2,820,165	7,053,933
Total capital assets, not being depreciated	<u>2,747,334</u>	<u>9,099,512</u>	<u>2,820,165</u>	<u>9,026,681</u>
Capital assets being depreciated				
Infrastructure	41,795,195	2,549,831	-	44,345,026
Buildings and building improvements	6,092,003	38,580	651	6,129,932
Machinery, equipment, and office fixtures	10,087,290	889,832	822,637	10,154,485
Total capital assets being depreciated	<u>57,974,488</u>	<u>3,478,243</u>	<u>823,288</u>	<u>60,629,443</u>
Less accumulated depreciation for				
Infrastructure	33,001,572	1,880,435	-	34,882,007
Buildings and building improvements	3,675,705	120,464	651	3,795,518
Machinery, equipment, and office fixtures	6,362,898	360,893	811,120	5,912,671
Total accumulated depreciation	<u>43,040,175</u>	<u>2,361,792</u>	<u>811,771</u>	<u>44,590,196</u>
Total capital assets, being depreciated, net	<u>14,934,313</u>	<u>1,116,451</u>	<u>11,517</u>	<u>16,039,247</u>
Governmental activities, capital assets, net	<u>\$ 17,681,647</u>	<u>\$ 10,215,963</u>	<u>\$2,831,682</u>	<u>\$ 25,065,928</u>

Additional information on the Converse County's capital assets can be found in Note 5 on pages 44 to 46 of this report.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

Fiscal year 2014 Budget

In fiscal year 2014, the County budgeted \$21.05 million in revenue and received \$26.1 million, or 124% of the budgeted total.

The majority of the excess revenues were collected in sales and use taxes, where the County budgeted \$7 million and received \$9.8 million, as oil and gas activity continued to increase throughout the area.

The County also received its first distribution from the Wind Production Tax, which is based on the valuation of the wind farms in Converse County compared to the valuation of wind farms state-wide. The Wind Production Tax was \$609,496 in fiscal year 2013 and rose to \$1.02 million in fiscal year 2014. It is anticipated to be approximately \$1 million again in fiscal year 2015.

The adopted budget for 2015 authorized \$32,207,350 in spending from the County's funds. As the year closed, on June 30, 2014 County departments spent \$28,123,874, or 86% of the total authorized. The unexpended portion of the allocation, \$4.6 million, contributed to the cash carryover for fiscal year 2015.

Spending in the fiscal year 2014 general fund budget was up 43% over fiscal year 2013, from \$19.6 million to \$28.1 million. The majority of the spending increase was in transfers to road construction funds.

Next Year's Budget and Rates

The 2015 fiscal year budget anticipates \$27,496,246 in revenue to the County General Fund, an increase of 5.2% from fiscal year 2014.

The majority of the increase is from an increase in property taxes, which is estimated to rise 31%, from \$10.7 million in fiscal year 2014 to \$14 million in fiscal year 2015.

Economic Factors

The County continues to experience record taxable valuations.

2014 Taxable Value	\$1,407,977,674
2013 Taxable Value	\$1,168,956,285
2012 Taxable Value	\$1,003,112,636
2011 Taxable Value	\$ 851,310,494

The valuation increases are being driven by the resource extraction industry. The valuation on coal, oil, gas and uranium all saw significant increases from tax year 2013 to tax year 2014.

<u>Mineral</u>	<u>2013 Value</u>	<u>2014 Value</u>
Coal	\$295,433,065	\$227,860,016
Oil	\$407,163,204	\$655,640,736
Gas	\$ 37,081,819	\$ 77,856,458
Uranium	\$ 29,940,002	\$ 29,975,625

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

The County has also been able to maintain a consistent, high rate of tax collection, at around 99%:

Tax Year	Taxes Levied	Taxes Collected	Percent of Levy Collected	Cancellations and Supplements	Outstanding Delinquent Taxes	Delinquent as % of Total Levy
2003	\$20,626,098	\$20,823,928	100.96%	\$210,524	\$12,695	0.06%
2004	\$24,684,439	\$24,862,958	100.72%	\$181,038	\$2,519	0.01%
2005	\$26,177,775	\$26,300,347	100.47%	\$131,595	\$9,023	0.03%
2006	\$27,971,598	\$28,077,432	100.38%	\$111,247	\$5,414	0.02%
2007	\$30,842,505	\$31,804,699	103.12%	\$981,935	\$19,741	0.06%
2008	\$35,446,303	\$35,545,861	100.28%	\$121,570	\$22,012	0.06%
2009	\$42,413,733	\$42,159,413	99.40%	\$3,495	\$257,815	0.61%
2010	\$42,660,071	\$42,587,935	99.83%	\$184,780	\$256,916	0.60%
2011	\$51,067,911	\$50,787,286	99.45%	-\$46,321	\$234,304	0.46%
2012	\$60,249,485	\$59,695,488	99.08%	-\$163,336	\$390,661	0.65%
2013	\$70,127,478	\$69,505,281	99.11%	-\$293,725	\$323,472	0.46%
2014	\$83,608,518	N/A	N/A	N/A	N/A	N/A

n/a – Not available.

Long-term Debt

At the end of the current fiscal year, Converse County had debt of \$1,205,572 from property tax repayments, construction retainage, capital leases, incurred but not reported claims payable, and compensated absences.

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 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, 2014, the County was required to pay back \$772,452 in property taxes over the next six years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 12% of that total, or \$92,694.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(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 of GASB Statement No. 34. We believe that all requirements of GASB Statement No. 34 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

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		Component
	Governmental Activities	Total	Units Total
ASSETS			
Cash and cash equivalents	\$ 23,736,246	\$ 23,736,246	\$ 9,382,960
Investments	27,908,172	27,908,172	1,480,982
Current portion of assets limited as to use	-	-	6,916,695
Property taxes receivable	14,670,003	14,670,003	1,001,608
Accounts receivable, net	17,260	17,260	10,038,545
Due from other governments	4,838,162	4,838,162	48,745
Due from primary government - fiduciary fund	-	-	44,665
Other current assets	-	-	826,473
Prepaid items	22,680	22,680	-
Inventory	-	-	1,807,137
Restricted cash	415,251	415,251	-
Notes receivable	44,703	44,703	-
Investment in limited liability companies	-	-	311,401
Investment in real estate	-	-	1,999,521
Restricted investments	-	-	117,532
Beneficial interest in assets held by others	-	-	247,935
Capital assets not being depreciated	9,026,681	9,026,681	11,656,436
Capital assets being depreciated, net of accumulated depreciation	16,039,247	16,039,247	30,310,831
Total assets	96,718,405	96,718,405	76,191,466
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing costs, net of amortization	-	-	618,334
Total deferred outflows of resources	-	-	618,334
LIABILITIES			
Accounts payable and accrued liabilities	1,669,608	1,669,608	3,274,676
Cash held in trust for others	415,251	415,251	-
Refundable advances	7,046	7,046	-
Noncurrent liabilities			
Due within one year	618,147	618,147	949,093
Due in more than one year	587,425	587,425	13,407,028
Total liabilities	3,297,477	3,297,477	17,630,797
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	14,471,195	14,471,195	925,041
Total deferred inflows of resources	14,471,195	14,471,195	29,679,969
NET POSITION			
Net investment in capital assets	24,333,707	24,333,707	29,679,969
Restricted by State statutes	1,883,238	1,883,238	-
Restricted by grantors/donors	565,658	565,658	429,352
Restricted by votes	10,932,295	10,932,295	-
Permanently restricted, nonexpendable	-	-	365,467
Unrestricted	41,234,835	41,234,835	27,779,174
Total net position	\$ 78,949,733	\$ 78,949,733	\$ 58,253,962

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Function/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
General government	\$ 6,765,248	\$ 723,051	\$ 196,263	\$ 265,500
Public safety	4,545,909	44,138	228,710	-
Public works	4,920,353	255,800	337,581	321,441
Health, welfare, and recreation	328,078	75,540	188,539	-
Conservation of natural resources	307,055	-	-	-
Interest on long-term debt	13,652	-	-	-
Total governmental activities	<u>16,880,295</u>	<u>1,098,529</u>	<u>951,093</u>	<u>586,941</u>
Total primary government	<u>\$ 16,880,295</u>	<u>\$ 1,098,529</u>	<u>\$ 951,093</u>	<u>\$ 586,941</u>
Component units	<u>\$ 53,661,790</u>	<u>\$ 47,298,766</u>	<u>\$ 653,549</u>	<u>\$ 325,152</u>

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

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units Totals
Governmental Activities	Total	
\$ (5,580,434)	\$ (5,580,434)	\$ -
(4,273,061)	(4,273,061)	-
(4,005,531)	(4,005,531)	-
(63,999)	(63,999)	-
(307,055)	(307,055)	-
(13,652)	(13,652)	-
<u>(14,243,732)</u>	<u>(14,243,732)</u>	<u>-</u>
(14,243,732)	(14,243,732)	-
-	-	(5,384,323)
10,942,254	10,942,254	4,391,309
19,580,449	19,580,449	-
7,541,778	7,541,778	-
90,000	90,000	-
-	-	8,619
631,029	631,029	-
236,835	236,835	287,089
149,884	149,884	24,826
<u>39,172,229</u>	<u>39,172,229</u>	<u>4,711,843</u>
<u>24,928,497</u>	<u>24,928,497</u>	<u>(672,480)</u>
54,021,236	54,021,236	58,926,442
<u>\$ 78,949,733</u>	<u>\$ 78,949,733</u>	<u>\$ 58,253,962</u>

CONVERSE COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	General Fund	County Roads Fund	Special Purpose Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,215,750	\$ 14,249,293	\$ -	\$ 705,068	\$ 23,170,111
Investments	14,126,500	1,773,014	11,405,605	-	27,305,119
Property taxes receivable	14,313,227	-	-	356,776	14,670,003
Accounts receivable	-	-	-	17,260	17,260
Due from other governments	2,465,538	34,626	2,305,980	32,018	4,838,162
Due from other funds	2,318,970	-	47,425	1,164	2,367,559
Restricted cash	415,251	-	-	-	415,251
Note receivable	44,703	-	-	-	44,703
Total assets	\$ 41,899,939	\$ 16,056,933	\$ 13,759,010	\$ 1,112,286	\$ 72,828,168
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 392,255	\$ 673,895	\$ 527,784	\$ 47,202	\$ 1,641,136
Due to other funds	47,425	13,473	2,298,931	7,730	2,367,559
Cash held in trust for others	415,251	-	-	-	415,251
Refundable advances	-	-	-	7,046	7,046
Total liabilities	854,931	687,368	2,826,715	61,978	4,430,992
Deferred inflows of resources					
Deferred property tax revenue	14,284,421	-	-	356,122	14,640,543
Deferred wind tax revenue	560,000	-	-	-	560,000
Total deferred inflows of resources	14,844,421	-	-	356,122	15,200,543
Fund Balances					
Restricted					
Special revenue funds	-	-	-	565,658	565,658
County road construction	-	1,883,238	-	-	1,883,238
Special Purpose Tax	-	-	10,932,295	-	10,932,295
Committed					
Economic development	230,735	-	-	-	230,735
Special revenue funds	-	-	-	51,451	51,451
Road construction	-	13,486,327	-	-	13,486,327
Assigned	15,055,985	-	-	82,676	15,138,661
Unassigned	10,913,867	-	-	(5,599)	10,908,268
Total fund balances	26,200,587	15,369,565	10,932,295	694,186	53,196,633
Total liabilities, deferred inflows of resources and fund balances	\$ 41,899,939	\$ 16,056,933	\$ 13,759,010	\$ 1,112,286	\$ 72,828,168

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

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

June 30, 2014

Total fund balances - governmental funds		\$ 53,196,633
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total capital assets reported in the government-wide statements.		
		25,065,928
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 deferred revenue in the governmental funds and are not included in the governmental fund balances.		
Deferred property tax revenue		729,348
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 assets.		
		1,048,396
Some liabilities exceed the amount that is due and payable in the current period and therefore are not fully reported in the governmental funds.		
Property tax debt related to change in valuation	\$ (135,182)	
Retainage	(367,664)	
Capital leases	(364,557)	
Compensated absences	(223,169)	(1,090,572)
Net position of governmental activities		<u>\$ 78,949,733</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General Fund	County Roads Fund	Special Purpose Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,349,356	\$ -	\$ 12,826,259	\$ 452,223	\$ 36,627,838
Licenses and permits	743,536	-	-	-	743,536
Intergovernmental revenues	2,069,587	999,051	-	404,657	3,473,295
Charges for services	7,000	-	-	75,540	82,540
Investment income	174,740	45,567	9,288	2,747	232,342
Miscellaneous	103,744	-	-	4,810	108,554
Total revenues	<u>26,447,963</u>	<u>1,044,618</u>	<u>12,835,547</u>	<u>939,977</u>	<u>41,268,105</u>
Expenditures					
Current					
General government	7,247,009	-	-	99,572	7,346,581
Public safety	4,204,775	-	-	296,412	4,501,187
Public works	4,082,305	-	-	-	4,082,305
Health, welfare and recreation	-	-	-	328,673	328,673
Conservation of natural resources	131,108	-	-	190,658	321,766
Debt Service					
Principal	66,406	-	-	-	66,406
Interest	13,652	-	-	-	13,652
Capital outlay	51,800	3,136,949	4,297,661	-	7,486,410
Total expenditures	<u>15,797,055</u>	<u>3,136,949</u>	<u>4,297,661</u>	<u>915,315</u>	<u>24,146,980</u>
Excess (deficiency) of revenues over expenditures	<u>10,650,908</u>	<u>(2,092,331)</u>	<u>8,537,886</u>	<u>24,662</u>	<u>17,121,125</u>
Other financing sources (uses)					
Proceeds from sale of assets	54,510	-	-	-	54,510
Transfers in	-	9,834,156	-	196,287	10,030,443
Transfers out	(9,947,976)	-	-	(82,467)	(10,030,443)
Total other financing sources (uses)	<u>(9,893,466)</u>	<u>9,834,156</u>	<u>-</u>	<u>113,820</u>	<u>54,510</u>
Net changes in fund balances	757,442	7,741,825	8,537,886	138,482	17,175,635
Fund balances, beginning of year	<u>25,443,145</u>	<u>7,627,740</u>	<u>2,394,409</u>	<u>555,704</u>	<u>36,020,998</u>
Fund balances, end of year	<u>\$ 26,200,587</u>	<u>\$ 15,369,565</u>	<u>\$ 10,932,295</u>	<u>\$ 694,186</u>	<u>\$ 53,196,633</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 17,175,635

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

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

Capital asset acquisitions expended in the governmental funds	\$ 9,757,590	
Loss on disposal of assets	(11,517)	
Depreciation expense for the year	<u>(2,361,792)</u>	7,384,281

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

Prior year property tax debt related to change in valuation	92,694	
Current year property tax debt related to change in valuation	(135,182)	
Prior year retainage payable	9,226	
Current year retainage payable	(367,664)	
Prior year liability for capital leases	430,963	
Current year liability for capital leases	(364,557)	
Prior year liability for compensated absences	210,697	
Current year liability for compensated absences	<u>(223,169)</u>	(346,992)

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 160,613

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

Deferred property tax revenue prior year	(174,388)	
Deferred property tax revenue current year	<u>729,348</u>	<u>554,960</u>

Change in net position of governmental activities \$ 24,928,497

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2014

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 566,135
Investments	603,053
Prepaid expense	22,680
Total assets	<u>1,191,868</u>
LIABILITIES	
Accounts payable	28,472
Claims payable	115,000
Total liabilities	<u>143,472</u>
NET POSITION	
Unrestricted	1,048,396
Total net position	<u>\$ 1,048,396</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2014**

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for services	\$ 1,435,496
Miscellaneous	157,046
Total operating revenues	<u>1,592,542</u>
Operating expenses	
Medical costs	1,201,935
Stop loss insurance	235,777
Total operating expenses	<u>1,437,712</u>
Operating income	<u>154,830</u>
Nonoperating revenue	
Interest income	5,783
Total nonoperating revenue	<u>5,783</u>
Change in net position	160,613
Net position, beginning of year	<u>887,783</u>
Net position, end of year	<u><u>\$ 1,048,396</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2014

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from other funds	\$ 1,592,514
Payments to third party administrator	<u>(1,477,340)</u>
Net cash provided by operating activities	<u>115,174</u>
Cash flows from investing activities	
Interest received	5,783
Purchase of investments	<u>(4,518)</u>
Net cash provided by investing activities	<u>1,265</u>
Net increase in cash and cash equivalents	<u>116,439</u>
Cash and cash equivalents, beginning of year	<u>449,696</u>
Cash and cash equivalents, end of year	<u><u>\$ 566,135</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 154,830
Adjustments to reconcile operating income to cash provided by operating activities	
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Prepaid expense	(28)
Accounts payable	25,372
Claims payable	<u>(65,000)</u>
Net cash provided by operating activities	<u><u>\$ 115,174</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2014

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,924,949
Property taxes receivable	692,542
Due from other governments	<u>33,064</u>
Total assets	<u><u>\$ 2,650,555</u></u>
LIABILITIES	
Due to component units	\$ 44,665
Due to other governments	1,913,348
Deferred revenue	<u>692,542</u>
Total liabilities	<u><u>\$ 2,650,555</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2014

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 433,198	\$ 5,599,745	\$ 2,307,632
Investments	692,506	676,606	-
Current portion of assets limited as to use	30,000	6,886,695	-
Property taxes receivable	135,294	22,050	23,797
Accounts receivable, net	-	9,945,977	71,061
Due from other governments	48,745	-	-
Due from primary government	-	-	18,587
Other current assets	1,364	825,109	-
Inventory	-	1,096,791	710,346
Investment in limited liability companies	-	311,401	-
Investment in real estate	-	1,999,521	-
Restricted investments	-	-	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	2,932,786	8,611,050	12,000
Capital assets being depreciated, net of accumulated depreciation	6,581,040	22,857,458	320,707
Total assets	<u>10,854,933</u>	<u>58,832,403</u>	<u>3,464,130</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing costs, net of amortization	-	618,334	-
Total deferred outflows of resources	<u>-</u>	<u>618,334</u>	<u>-</u>
LIABILITIES			
Accounts payable and accrued liabilities	67,913	3,009,015	192,633
Noncurrent liabilities			
Due within one year	-	943,646	-
Due in more than one year	-	13,372,013	-
Total liabilities	<u>67,913</u>	<u>17,324,674</u>	<u>192,633</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	125,310	-	-
Total deferred inflows of resources	<u>125,310</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	9,475,628	19,219,408	332,707
Restricted by grantors/donors	30,000	-	399,352
Permanently restricted, nonexpendable	-	-	-
Unrestricted	1,156,082	22,906,655	2,539,438
Total net position	<u>\$ 10,661,710</u>	<u>\$ 42,126,063</u>	<u>\$ 3,271,497</u>

See accompanying notes to the financial statements

County Library	Total
\$ 1,042,385	\$ 9,382,960
111,870	1,480,982
-	6,916,695
820,467	1,001,608
21,507	10,038,545
-	48,745
26,078	44,665
-	826,473
-	1,807,137
-	311,401
-	1,999,521
117,532	117,532
247,935	247,935
100,600	11,656,436
<u>551,626</u>	<u>30,310,831</u>
<u>3,040,000</u>	<u>76,191,466</u>
<u>-</u>	<u>618,334</u>
<u>-</u>	<u>618,334</u>
5,115	3,274,676
5,447	949,093
<u>35,015</u>	<u>13,407,028</u>
<u>45,577</u>	<u>17,630,797</u>
<u>799,731</u>	<u>925,041</u>
<u>799,731</u>	<u>925,041</u>
652,226	29,679,969
-	429,352
365,467	365,467
<u>1,176,999</u>	<u>27,779,174</u>
<u>\$ 2,194,692</u>	<u>\$ 58,253,962</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2014

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 848,926	\$ 61,858	\$ -	\$ 325,152
County Hospital	50,572,023	46,742,582	591,344	-
Weed and Pest Control District	1,244,690	481,726	-	-
County Library	996,151	12,600	62,205	-
	<u>\$ 53,661,790</u>	<u>\$ 47,298,766</u>	<u>\$ 653,549</u>	<u>\$ 325,152</u>

General Revenues

Property taxes

Contributions to an endowment

Unrestricted investment income

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

County Airport	County Hospital	Weed and Pest Control District	County Library	Totals
\$ (461,916)	\$ -	\$ -	\$ -	\$ (461,916)
-	(3,238,097)	-	-	(3,238,097)
-	-	(762,964)	-	(762,964)
-	-	-	(921,346)	(921,346)
(461,916)	(3,238,097)	(762,964)	(921,346)	(5,384,323)
650,469	1,365,637	1,152,372	1,222,831	4,391,309
-	-	-	8,619	8,619
5,612	225,826	21,332	34,319	287,089
4,096	13,135	7,099	496	24,826
660,177	1,604,598	1,180,803	1,266,265	4,711,843
198,261	(1,633,499)	417,839	344,919	(672,480)
10,463,449	43,759,562	2,853,658	1,849,773	58,926,442
\$ 10,661,710	\$ 42,126,063	\$ 3,271,497	\$ 2,194,692	\$ 58,253,962

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Nature of Operations and Significant Accounting Policies

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

Financial Reporting Entity

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

Discretely Presented Component Units

- The *Converse County Airport Board* ("County Airport" or "Airport") provides and maintains aviation facilities for the County. The Airport Board is fiscally dependent upon the County because the Board of Commissioners approves the Airport's budget, levies taxes and must approve any debt issuances. Separate audited financial statements can be obtained from the Board's administrative offices located in Douglas, Wyoming.
- The *Memorial Hospital of Converse County* ("County Hospital" or "Hospital") provides and maintains a hospital facility for Converse County. The Hospital is fiscally dependent upon the County because the Board of Commissioners approves the Hospital's budget and levies taxes. Separate audited financial statements of the Hospital can be obtained from the Hospital's administrative offices located in Douglas, Wyoming.
- The *Converse County Weed and Pest Control District* ("District") was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and levies taxes on behalf of the District. Separate audited financial statements of the District can be obtained from the District's administrative offices located in Douglas, Wyoming.
- The *Converse County Library* ("County Library" or "Library") maintains and manages the operations of the County Library and library system. The Library is fiscally dependent upon the County because the Board of Commissioners approves the Library's budget, levies taxes and must approve any debt issuances. The Library's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The County Library includes the financial data of its component unit, the Converse County Library Foundation. The Library does not issue separate audited financial statements.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Jointly Governed Organization

The Converse County Fire Suppression Authority was formed by the Converse County Municipal and Joint Powers Board consisting of the County Commissioners, the City of Douglas, Wyoming, the Town of Glenrock, Wyoming, the Town of Rolling Hills, Wyoming, and the Town of Lost Springs, Wyoming. The Converse County Municipal and Joint Powers Board is a separate legal entity created in accordance with the provisions of the Wyoming Joint Powers Act. During the fiscal year ended June 30, 2014, the County allocated \$1,107,998 to the Converse County Fire Suppression Authority.

Government-wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. The government 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 project fund and is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

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

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

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

Cash and Cash Equivalents

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Investments

Wyoming Statutes authorize the types of investments in which Counties may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury and repurchase agreements involving U.S. Government securities. The County's investments consist of certificates of deposit, U.S. Agencies' obligations, all of which are carried at fair value, and participation in the Wyoming Government Investment Fund (WGIF) and WYOSTAR governmental investment pools.

WGIF and WYOSTAR are governmental investment pools which were established after July 1, 1996 according to the Wyoming Statutory Trust Act. Shares of the funds are offered exclusively to Wyoming governmental entities with separate accounts maintained for each entity. These pools invest in obligations of the U.S. Treasury and other investments as authorized by the Wyoming Statutes. The County's investment activity is conducted in pooled investment accounts. The Library Foundation is a non-profit entity and is not subject to the Wyoming Statutes that specify allowable types of investments.

Receivables and Payables

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

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

Memorial Hospital of Converse County provides an allowance on uncollectible self-pay and miscellaneous commercial insurance accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. Self-pay accounts are analyzed for collectability based on the months past due and payment history. An allowance is estimated for these accounts based on the historical experience of the Hospital. Accounts that are determined to be uncollectible are sent to the collection agency and written off at that time. At June 30, 2014, the allowance for uncollectible accounts was approximately \$2,028,952. Recoveries of accounts previously written off as uncollectible are netted against the current year's expense.

Memorial Hospital of Converse County serves patients in an area including, but not limited to Converse County, Wyoming. Although Memorial Hospital of Converse County's patient accounts receivable are diversified, and consist of numerous immaterial balances, the Hospital is dependent on the third party payors (insurance companies and government programs) as well as self-pay patients to satisfy those obligations. The ability of patients to pay their obligations is dependent largely upon the energy and agricultural sectors of the economy. The approximate mix of receivables from patients and third-party payors at June 30, 2014, was 36%, 4%, 6%, 25%, and 29% Medicare, Medicaid, other, insurance, and patients, respectively.

Notes Receivable

Notes receivable represent the County's Economic Development loans. These loans are based on written agreements between the County and various loan recipients. As of June 30, 2014, the loans are reported net of an allowance for uncollectible debt in the approximate amount of \$198,000.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

Assets Limited as to Use

Since Memorial Hospital of Converse County operates as an enterprise fund, certain bond covenants require the Hospital 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 also has included in its assets limited as to use, amounts which have been transferred to the bond agent for deposit to the bond reserve fund which will pay future bond payments.

Resources restricted by donors for plant replacement and expansion and capital debt requirements are added to unrestricted net position to the extent expended within the period. Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent used within the period.

Investment in Limited Liability Companies

Memorial Hospital of Converse County has a 40% controlling interest and net profit interest in Big County Rehabilitation, LLC. Memorial Hospital of Converse County is a member of Powder River Imaging, LLC, which was formed as a joint venture, for the purpose of providing imaging services to members of the community. Memorial Hospital of Converse County owns 22% of Powder River Imaging, LLC. These investments are accounted for using the equity method. Accordingly, the carrying value is equal to the capital contribution Memorial Hospital of Converse County has made adjusted for profits and losses, which are allocated to the members as provided in the operating agreements. Memorial Hospital of Converse County considers revenue generated from these LLC's to be operating revenue.

Inventory

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

Capital Assets

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

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Capital Assets (Continued)

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

Deferred Inflows and outflows of Resources

In addition to the liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition 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 government has one type of item that qualifies for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and wind tax revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, only property taxes are reported as a deferred inflow of resources. Property taxes and wind tax revenue are recognized as an inflow of resources in the year they are levied or generated, respectively.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so it will not be recognized as an outflow of resources (expense/expenditures) until then. The County has only one item that qualifies for reporting in this category. This item relates to the Memorial Hospital of Converse County's deferred charge on bond financing which is capitalized and amortized over the term of the related debt using the straight-line method.

Fund Balance

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. 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 is a limitation imposed by a designee of the County board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements. When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used. For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after the fiscal year end, with the net balance considered unavailable and, therefore, deferred. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County. Collection and remittance of these taxes for other taxing districts are accounted for in the respective agency funds of the County. The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes exclusive of state revenue, except for the payment of public debt and interest thereon.

The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2014, was 12 mills, which means that the County has levied to the maximum amount available.

Major Taxpayers

The County's ten largest taxpayers account for approximately 68% of the County's total assessed property valuation. Six of the ten taxpayers are involved in mineral extraction industries, two are power producers, and two are railroad companies. The County received approximately 31% of its total revenues from these taxpayers.

Motor Vehicle Fees

Motor Vehicle fees are collected on the value of a vehicle as they are registered and are distributed monthly in the same manner as property taxes. The County received 2% of its total revenues from motor vehicles fees.

Compensated Absences

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

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Investment in Real Estate

During the year, Memorial Hospital of Converse County purchased several homes in the Douglas area in order to provide temporary housing for incoming doctors. These investments are accounted for using the cost method; as Memorial Hospital of Converse County's intention is to use them for a short time, then sell them. The Memorial Hospital of Converse County feels that there was no impairment of these investments at year end.

Charity Care

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

Net Patient Service Revenue

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

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

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

- Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, certain medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Memorial Hospital of Converse County is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Memorial Hospital of Converse County and audits thereof by the Medicare fiscal intermediary. Effective May 1, 2002, Memorial Hospital of Converse County received the designation as a Critical Access Hospital.
- Memorial Hospital of Converse County classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Memorial Hospital of Converse County. Memorial Hospital of Converse County's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2013.
- Inpatient services rendered to Medical program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Outpatient Medicaid services are reimbursed under the lower of usual or customary charge fee structure. There is generally no retroactive settlement at year end. For the fiscal year ended June 30, 2014, Memorial Hospital of Converse County's gross patient service revenue was \$58,815,169 which was adjusted for contractual discounts of \$12,706,110 and charity care of \$518,947 resulting in net patient service revenue of \$45,590,112.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from estimates.

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, 2014

Budget

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

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

The County Commissioners and the governing Boards of the Component Units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects the approved budget. The County Commissioners amended the budget for the fiscal year ended June 30, 2014 to increase expenditures in the following funds and departments:

General Fund	
Courthouse	\$ 28,581
County jail	22,084
Road and bridge	232,858
Fire suppression	265,500
	<u>\$ 549,023</u>
Non major funds	
Homeland Security Grants	\$ 8,906
TANF Grant	3,766
HAHR	3,188
	<u>\$ 15,860</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 2. Deposits and Investments

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that the County's deposits in excess of the Federal depository insurance be collateralized.

Primary Government

As of June 30, 2014, the County's bank balances were fully collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County.

Component Units

As of June 30, 2014, the bank balances of all the County's component units were fully collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County's component units.

Investments

As of June 30, 2014, the primary government of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	Rating
State Treasurer's					
Investment Pool (WYO-STAR)	\$ 406,409	2.43%	\$ 406,409	\$ -	Not rated
WGIF	14,155,067	N/A	14,155,067	-	AAAm
Certificates of Deposit	8,734,258	0.35% - 1.60%	-	8,734,258	Not rated
U.S. Government Securities	4,612,438	0.70% - 1.25%	85,900.00	4,526,538	AA+
Total	<u>\$ 27,908,172</u>		<u>\$14,647,376</u>	<u>\$ 13,260,796</u>	

As of June 30, 2014, the component units of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	Rating
Certificates of Deposit	\$ 8,228,812	1.00% - 1.85%	\$ 2,089,470	\$ 6,139,342	Not rated

These investments are reported under the caption investments in the statement of net position. The Hospital also has some certificates of deposit, as well as some cash reported under the caption current portion of assets limited as to use.

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's investments are held in external pooled investment accounts with a focus on liquidity. As a means of limiting its exposure to fair value losses arising from interest rates the County attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 2. Deposits and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and securities held in the external investment pool are rated AAA/Aaa by Standard and Poor's and Moody's. Under investment agreements with WYOSTAR, the County has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such investments.

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. At June 30, 2014, the County had 31% of its investments in Certificates of Deposit, 51% in WGIF, and 16% in U.S. Government Securities. The component units had 100% of their investments in Certificates of Deposit.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk. The County's investments in WYOSTAR are not subject to custodial credit risk since they are held by the Treasurer of the State of Wyoming. The only other significant exposure is for securities held by securities brokers or other banks. Management believes the stability and reputation of these securities brokers and banks serve to limit its custodial credit risk.

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2014 are as follows:

	Receivable	Payable
General Fund	\$ 2,318,970	\$ 47,425
County Roads Fund	-	13,473
Special Purpose Tax Fund	47,425	2,298,931
Non major funds		
Homeland Security Grants	-	5,335
TANF Grant	1,164	1,231
Other Grants	-	1,164
	<u>\$ 2,367,559</u>	<u>\$ 2,367,559</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 3. Interfund Balances (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	\$ -	\$ 9,947,976
County Road Fund	9,834,156	-
Non major funds		
Health Department	13,825	-
Homeland Security Grants	-	62,611
TANF Grant	889	-
Other Grants	181,573	-
HAHR	-	13,825
Best Beginnings	-	6,031
	<u>\$ 10,030,443</u>	<u>\$ 10,030,443</u>

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

Note 4. Beneficial Interest

Converse County Library Foundation transferred investments to the Wyoming Community Foundation specifying itself as the beneficiary. The Wyoming Community Foundation ("WCF") is a Wyoming not-for-profit organization. WCF established the Converse County Library Endowment fund to account for these permanently restricted contributions. WCF is required to make distributions of interest and dividend income to the Converse County Library Foundation and other contributions that might be made in the future for the benefit of the Converse County Library Foundation annually. The Converse County Library Foundation received distributions of \$5,346 during the year ended June 30, 2014. 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 \$247,935 as of June 30, 2014.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,972,748	\$ -	\$ -	\$ 1,972,748
Construction in progress	774,586	9,099,512	2,820,165	7,053,933
Total capital assets, not being depreciated	<u>2,747,334</u>	<u>9,099,512</u>	<u>2,820,165</u>	<u>9,026,681</u>
Capital assets being depreciated				
Infrastructure	41,795,195	2,549,831	-	44,345,026
Buildings and building improvements	6,092,003	38,580	651	6,129,932
Machinery, equipment, and office fixtures	10,087,290	889,832	822,637	10,154,485
Total capital assets being depreciated	<u>57,974,488</u>	<u>3,478,243</u>	<u>823,288</u>	<u>60,629,443</u>
Less accumulated depreciation for				
Infrastructure	33,001,572	1,880,435	-	34,882,007
Buildings and building improvements	3,675,705	120,464	651	3,795,518
Machinery, equipment, and office fixtures	6,362,898	360,893	811,120	5,912,671
Total accumulated depreciation	<u>43,040,175</u>	<u>2,361,792</u>	<u>811,771</u>	<u>44,590,196</u>
Total capital assets, being depreciated, net	<u>14,934,313</u>	<u>1,116,451</u>	<u>11,517</u>	<u>16,039,247</u>
Governmental activities, capital assets, net	<u>\$ 17,681,647</u>	<u>\$ 10,215,963</u>	<u>\$ 2,831,682</u>	<u>\$ 25,065,928</u>

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

Governmental activities	
General government	\$ 159,591
Public safety	276,735
Public works	1,909,073
Health and welfare	16,393
	<u>2,361,792</u>
Total depreciation expense - governmental activities	<u>\$ 2,361,792</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,741,061	\$ -	\$ -	\$ 2,741,061
Construction in progress	2,754,707	196,301	2,759,283	191,725
Total capital assets not being depreciated	<u>5,495,768</u>	<u>196,301</u>	<u>2,759,283</u>	<u>2,932,786</u>
Capital assets being depreciated				
Improvements other than buildings	11,460,646	2,759,283	-	14,219,929
Buildings, building improvements and runways	516,386	-	-	516,386
Machinery, equipment and office fixtures	<u>173,972</u>	<u>-</u>	<u>-</u>	<u>173,972</u>
Total capital assets being depreciated	<u>12,151,004</u>	<u>2,759,283</u>	<u>-</u>	<u>14,910,287</u>
Less accumulated depreciation	<u>7,815,838</u>	<u>513,409</u>	<u>-</u>	<u>8,329,247</u>
Total capital assets, being depreciated, net	<u>4,335,166</u>	<u>2,245,874</u>	<u>-</u>	<u>6,581,040</u>
Capital assets, net	<u>\$ 9,830,934</u>	<u>\$ 2,442,175</u>	<u>\$ 2,759,283</u>	<u>\$ 9,513,826</u>

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land and land improvements	\$ 1,112,956	\$ -	\$ -	\$ 1,112,956
Construction in progress	1,941,702	5,556,392	-	7,498,094
Total capital assets, not being depreciated	<u>3,054,658</u>	<u>5,556,392</u>	<u>-</u>	<u>8,611,050</u>
Capital assets being depreciated				
Improvements other than buildings	77,469	-	-	77,469
Building	24,615,475	65,846	-	24,681,321
Equipment	<u>22,930,529</u>	<u>3,184,837</u>	<u>-</u>	<u>26,115,366</u>
Total capital assets being depreciated, net	<u>47,623,473</u>	<u>3,250,683</u>	<u>-</u>	<u>50,874,156</u>
Less accumulated depreciation	<u>23,999,208</u>	<u>4,017,490</u>	<u>-</u>	<u>28,016,698</u>
Total capital assets, being depreciated, net	<u>23,624,265</u>	<u>(766,807)</u>	<u>-</u>	<u>22,857,458</u>
Capital assets, net	<u>\$ 26,678,923</u>	<u>\$ 4,789,585</u>	<u>\$ -</u>	<u>\$ 31,468,508</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Converse County Weed and Pest Control District for the year ended June 30, 2014, 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	12,000	-	-	12,000
Capital assets being depreciated				
Buildings and improvements	182,022	133,919	-	315,941
Machinery, equipment and office fixtures	279,231	7,517	275	286,473
Total capital assets, being depreciated, net	461,253	141,436	275	602,414
Less accumulated depreciation	248,731	33,109	133	281,707
Total capital assets, being depreciated, net	212,522	108,327	142	320,707
Capital assets, net	<u>\$ 224,522</u>	<u>\$ 108,327</u>	<u>\$ 142</u>	<u>\$ 332,707</u>

Capital asset activity for the Converse County Library for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 100,600	\$ -	\$ -	\$ 100,600
Total capital assets, not being depreciated	100,600	-	-	100,600
Capital assets being depreciated				
Buildings and building improvements	621,794	-	-	621,794
Machinery, equipment and office fixtures	185,625	27,953	10,298	203,280
Collection	267,863	71,161	4,755	334,269
Total capital assets being depreciated	1,075,282	99,114	15,053	1,159,343
Less accumulated depreciation	534,898	86,876	14,057	607,717
Total capital assets being depreciated, net	540,384	12,238	996	551,626
Capital assets, net	<u>\$ 640,984</u>	<u>\$ 12,238</u>	<u>\$ 996</u>	<u>\$ 652,226</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-term Debt

County

The Wyoming Constitution (Article 16§3) limits the amount of indebtedness for any County to not more than two percent of the last general assessment. This limit was \$28,159,553 at June 30, 2014. 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, 2014:

	Balance June 30, 2013	New Debt Incurred	Debt Retired	Balance June 30, 2014	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 92,694	\$ 44,361	\$ 1,873	\$ 135,182	\$ 46,076
Retainage	9,226	367,664	9,226	367,664	367,664
Capital leases	430,963	-	66,406	364,557	66,405
Incurred but not reported claims payable	180,000	-	65,000	115,000	115,000
Compensated absences	210,697	12,472	-	223,169	23,002
	<u>\$ 923,580</u>	<u>\$ 424,497</u>	<u>\$ 142,505</u>	<u>\$ 1,205,572</u>	<u>\$ 618,147</u>
Component Units					
Revenue bonds	\$ 6,995,000	\$ -	\$ 450,000	\$ 6,545,000	\$ 475,000
Net bonds payable	<u>6,995,000</u>	<u>-</u>	<u>450,000</u>	<u>6,545,000</u>	<u>475,000</u>
Short-term notes	12,413	-	-	12,413	12,413
Notes payable	-	6,000,000	987,213	5,012,787	-
Capital leases	886,874	1,351,013	917,353	1,320,534	258,672
Compensated absences	1,295,260	255,199	85,072	1,465,387	203,008
	<u>\$ 9,189,547</u>	<u>\$ 7,606,212</u>	<u>\$ 2,439,638</u>	<u>\$ 14,356,121</u>	<u>\$ 949,093</u>

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

Property tax repayment

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

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-term Debt (Continued)

County (Continued)

Property tax repayment (Continued)

As of June 30, 2014, the County was required to pay back \$1,126,516 in property taxes over the next six years due to Notice of Valuation Changes. The impact on the County General Fund is approximately 12% of that total, or \$135,182.

Year Ending June 30,		
2015	\$	46,076
2016		39,097
2017		34,262
2018		10,725
2019		5,022
	<u>\$</u>	<u>135,182</u>

Capital leases

\$225,640 motor grader lease/purchase obligation dated August 2011 due in six annual installments of 41,929 with an interest rate of 3.2% serviced by the General fund and collateralized by the grader. \$ 190,932

\$205,323 motor grader lease/purchase obligation dated September 2011 due in six annual installments of \$38,129 with an interest rate of 3.2% serviced by the General fund and collateralized by the grader. 173,625
\$ 364,557

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2014 are as follows:

Year Ending June 30,		
2015	\$	80,057
2016		80,057
2017		80,057
2018		80,058
2019		80,058
Total minimum lease payments		<u>400,287</u>
Less: amount representing interest		<u>35,730</u>
Present value of minimum lease payments	<u>\$</u>	<u>364,557</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-term Debt (Continued)

Component Units

Long-Term Debt Memorial Hospital of Converse County

On November 1, 2000 Memorial Hospital of Converse County issued \$6,810,000 in Revenue Bonds, Series 2000 with an average interest of 7.35%. The purpose of the bond issuance was to construct an addition to the hospital facility. On October 27, 2008, bonds with a par value of \$4,900,000 were refunded with proceeds from the Memorial Hospital of Converse County's Series Revenue Bonds. The remaining bonds were due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$130,000 to \$145,000 through June 30, 2013. The interest rate on the remaining bonds was 6.50%. The revenue bonds were collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

On October 27, 2005, Memorial Hospital of Converse County issued \$6,135,000 in revenue bonds to advance refund \$4,990,000 in outstanding bonds. The bond proceeds were used to partially refund Memorial Hospital of Converse County's outstanding Revenue Bonds, Series 2000. The remaining bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$80,000 to \$495,000 through June 30, 2026. Interest rates range from 5.10% to 5.50%. The revenue bonds are collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

On June 5, 2008, Memorial Hospital of Converse County issued \$2,320,000 in Subordinate Lien Hospital Revenue Bond, Series 2008. The bond was purchased by USDA Rural Development. The bond proceeds are to be used for remodeling and improvements of the current facility. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$70,000 to \$175,000 through June 30, 2028. The interest on the bonds is 4.75%. The revenue bonds are collateralized by revenue of Memorial Hospital of Converse County established by the trust indenture.

The debt service requirements on Memorial Hospital of Converse County long-term debt as of June 30, 2014, are summarized as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 475,000	\$ 333,422	\$ 808,422
2016	495,000	309,148	804,148
2017	415,000	285,800	700,800
2018	435,000	263,350	698,350
2019	460,000	239,700	699,700
2020-2024	2,655,000	800,550	3,455,550
2025-2029	1,610,000	132,713	1,742,713
	\$ 6,545,000	\$ 2,364,683	\$ 8,909,683

Advance Refunding – In 2005, Memorial Hospital of Converse County refunded \$4,990,000 of Memorial Hospital of Converse County Revenue Bonds, Series 2000. The refunded bonds, which are outstanding as of June 30, 2010, are not included in the Memorial Hospital of Converse County's outstanding debt since the Memorial Hospital of Converse County has in-substance satisfied its obligation through advance funding. Although the advanced refunding resulted in recognition of an accounting loss of \$1.1 million, Memorial Hospital of Converse County will recognize a net present value savings of \$400,055. The loss is being amortized over the period of the original bond issue using the effective interest method.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-term Debt (Continued)

Component Units (Continued)

Long-Term Debt Memorial Hospital of Converse County (Continued)

The Hospital has secured a \$6,000,000 construction loan for the construction of the new medical office building. This loan is secured by various certificates of deposit which the Hospital has included in the assets limited to use on the statement of net position. Subsequent to June 30, 2014, permanent financing with specific terms was secured.

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

Year ending June 30,	Principal	Interest	Total Debt Service
2015	\$ -	\$ -	\$ -
2016	978,520	129,543	1,108,063
2017	996,816	111,246	1,108,062
2018	1,024,532	83,530	1,108,062
2019	1,052,707	55,355	1,108,062
2020	960,212	26,406	986,618
	\$ 5,012,787	\$ 406,080	\$ 5,418,867

The Hospital intends to call its bonds during the coming years as well as restructure other debt.

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

Memorial Hospital of Converse County leases certain equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The average interest rate on the leases is 4.56%. The cost of equipment under capital leases included in the Memorial Hospital of Converse County's capital assets is \$1,351,013 with \$96,507 in accumulated depreciation.

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2014:

Year Ending June 30,	
2015	\$ 294,957
2016	294,957
2017	294,957
2018	294,958
2019	245,798
Total minimum lease payments	1,425,627
Less: amount representing interest	115,933
Present value of minimum lease payments	\$ 1,309,694

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Long-term Debt (Continued)

Component Units (Continued)

Capital leases of the County Library

\$12,175 copier lease/purchase obligation dated July 2011, due in monthly installments of \$270 through July 2016, at an imputed rate of 11.94%, serviced by the County library and collateralized by the equipment. \$ 5,960

\$12,594 copier lease/purchase obligation dated July 2011, due in monthly installments of \$280 through July 2016, at an imputed rate of 11.94%, serviced by the County library and collateralized by the equipment. 6,165

\$ 12,125

Capital leases of the County Library

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2014 are as follows:

Year Ending June 30,	
2015	\$ 6,602
2016	6,602
2017	551
Total minimum lease payments	13,755
Less: amount representing interest	1,630
Present value of minimum lease payments	\$ 12,125

Operating Leases

Memorial Hospital of Converse County has various monthly leases where they are not required to make minimum future rental payments. Total rental expense for the fiscal year ended June 30, 2014, was \$911,625.

Note 7. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

Beginning July 1, 2011, all employees of the General County were eligible to participate in the Wyoming Retirement System. The Converse County Weed and Pest Control District's full-time employees also participate in the Wyoming Retirement System. The Wyoming Retirement System is a cost-sharing multiple employer public employee retirement system. The Plan provides retirement benefits at age 60 with early retirement options available. The Plan also provides disability and death benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 5th Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

For the Wyoming Retirement System, plan members (except law enforcement) are required to contribute 7.50% of their annual covered salary and the County is required to contribute 7.52% of the annual covered payroll. The County currently pays the entire contribution. The County's employer contribution were approximately \$470,000, and \$424,000 for the years ended June 30, 2014 and 2013 respectively, which equaled the required contributions.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

In September 2014, the employer contribution will increase by 0.50%. The County will have the option to pay or not pay the additional employee contribution.

The County's Law Enforcement officers participate in the system, which statutorily requires 17.2% of the covered law enforcement employee's salary to be contributed to the System all of which is paid by the County. The County's contributions to the System for the County's Sheriff's office for the years ended June 30, 2014, 2013 and 2012 were approximately \$347,000, \$322,000, and \$290,000, respectively, equal to the required contributions for each year.

The County Library joined Wyoming Retirement System in July 1, 2014 and paid 100% of the required contribution which was approximately \$68,000 for the fiscal year ended June 30, 2014.

The Weed and Pest Control District paid 100% of the required contribution which was approximately \$22,300, 20,500, and \$21,600, for the years ended June 30, 2014, 2013, and 2012 respectively.

Retirement Plan

Memorial Hospital of Converse County established a profit sharing plan for its employees with an effective date of January 1, 2009. The Memorial Hospital of Converse County (Plan) is administered by the Board of Trustees who has executed a trust agreement with a financial institution to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. The Plan is available to eligible employees who have completed one year of service and attain age 21. A year of service is any plan year in which an employee completes 1,872 hours of service. Contributions to the Plan on behalf of the participants are an amount determined by management of Memorial Hospital of Converse County from time to time. Participant will vest in contributions made by Memorial Hospital of Converse County according to a vesting schedule. Participants will vest fully and will have a non-forfeitable interest in the balance of the participant's account in all contributions that are not uniform as a percentage of compensation for the different classes of employees specified in the Plan.

All years of service beginning January 1, 2009 shall count toward years of vesting. In addition each participant shall receive one year of service for each two years of service completed before January 1, 2009, up to a maximum of 6 years of service credited toward vesting. Also, a participant shall be 100% vested upon death, disability or upon a reduction in force as determined by Memorial Hospital of Converse County. The Plan does not issue a separate stand-alone financial report. Memorial Hospital of Converse County accrued \$91,106 to be contributed to the Plan no later than 15th day of the calendar month following the end of Memorial Hospital of Converse County's fiscal year. The accrual has been included in the accrued expenses on the statement of net position.

Note 8. Deferred Compensation Plans

Memorial Hospital of Converse County offers its employees a deferred compensation plan that is structured in accordance with the provisions of Internal Revenue Code Section 457. The employee contribution cannot exceed \$17,500 per participant, and \$23,000 for age 50 or older.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. County Fund Balance

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

Building/maintenance reserve	\$ 10,482,649
Equipment reserve	2,978,923
Salary reserve	1,510,601
Loans reserve	83,812
	<u>\$ 15,055,985</u>

Note 10. Commitments and Contingencies

In the normal course of business, various lawsuits or claims are brought against the County. It is not possible to determine the ultimate disposition of these matters at this time; however, the County Attorney and the County Commissioners are of the opinion that these matters would not have a material adverse effect on the results of operations, financial condition, or cash flows of the County.

The County has contracts with architect, engineers and contractors for the projects funded by the special purpose tax revenues for design and construction of the Douglas and Glenrock library locations and for the Douglas campus of Eastern Wyoming Community College. As of June 30, 2014, the County had approximately \$5,014,000 in construction in progress and \$5,600,000 in contract commitments related to these projects. In addition, as of June 30, 2014, the County had approximately \$2,040,000 in construction in progress related to several road construction projects and \$1,444,000 in contract commitments related to those projects.

Memorial Hospital of Converse County has entered into a contract with a contractor for the construction of a medical office building, expansion and remodel of the hospital. The contract amount totaled \$6,818,633 and had expenditures under this contract in the amount of \$6,702,019 as of June 30, 2014.

From time to time, Memorial Hospital of Converse County has been a defendant in lawsuits wherein the plaintiffs claim malpractice. Memorial Hospital of Converse County's management, with the advice from counsel, believes all claims are covered by its existing malpractice coverage policy which has a \$50,000 deductible. During 2014 a patient at Memorial Hospital of Converse County fell down and passed away while in the hospital. It appears there was a significant period of time that passed before the patient had been discovered by the hospital staff. The patient was in the process of being transferred to hospice and had multiple terminal diagnoses. A claim has been filed and turned over to the insurance carrier. The amount of damages if any is undeterminable at this time.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 11. Risk Management Programs

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result of these and other risks, the County participates in the Local Government Liability Pool (LGLP) which is a public entity risk pool. LGLP provides liability coverage for claims subject to the Wyoming Governmental Claims Act (W.S. 1-39-101) up to \$250,000 per claimant but not more than \$500,000 per occurrence and \$1,500,000 per occurrence for federal and out-of-state claims. The coverage limit is \$1,000,000 per occurrence for all members combined of the LGLP risk pool including various additional sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to LGLP by the County totaled approximately \$59,000.

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

In addition, the County purchases commercial insurance to cover its property and automobile liability. Premiums paid for this coverage by the County totaled approximately \$47,000.

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 2014 was approximately \$116,900.

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 2014 and 2013 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2014	2013
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	33,046	31,955
Claims paid	(33,046)	(31,955)
Unpaid claims, end of year	\$ -	\$ -

The County also provides its employees' health care benefits for primary government and component unit employees excluding Memorial Hospital of Converse County. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$40,000 per year. The aggregate stop-loss limit is \$960,000.

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 11. Risk Management Programs (Continued)

Changes in the County's health care risk management liability during the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Health care risk management liability, beginning of year	\$ 180,000	\$ 260,000
Claims incurred	1,101,775	1,266,515
Claims paid	(1,166,775)	(1,346,515)
Health care risk management liability, end of year	<u>\$ 115,000</u>	<u>\$ 180,000</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, 2014.

Memorial Hospital of Converse County provided its employees' health care benefits through a self-insured program administered by Meritain Helath. During the fiscal year ended June 30, 2014, the total claims and administrative fees were \$4,120,711 and the estimate of incurred but not reported claims was \$459,150.

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

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

Note 12. Related Party Transactions

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 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, 2014 amounted to approximately \$5,600.

Memorial Hospital of Converse County is a 40% owner in Big Country Rehabilitation LLC. Big Country Rehabilitation leases space from Memorial Hospital of Converse County for approximately \$42,874 per year. The lease runs from March 1, 2011 through March 1, 2016 and is renewed automatically for one year increments until it is cancelled.

During the year ended June 30, 2014, Memorial Hospital of Converse County paid Big Country Rehabilitation LLC approximately \$275,982 for professional services rendered. Included in accounts payable is approximately \$500 for services performed in June 2014. Big Country Rehabilitation LLC paid the Hospital \$9,000 in management fees.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 12. Related Party Transactions (Continued)

Memorial Hospital of Converse County is a 22% owner in Powder River Imaging, LLC. Powder River Imaging LLC leases space from Memorial Hospital of Converse County on a monthly basis for approximately \$1,200, and for the year ended June 30, 2014 paid Memorial Hospital of Converse County \$14,000.

During the year ended June 30, 2013, Memorial Hospital of Converse County paid Powder River Imaging, LLC \$56,225 for professional services rendered. Powder River paid Memorial Hospital of Converse County \$128,360 in management fees.

Note 13. Deficit Fund Balances

The County's Other Grants, HAHR, and WIC funds had deficit fund balances at June 30, 2014. As of June 30, 2014, the County did not transfer funds to these funds to resolve the negative balances. The County will make transfers in the future to resolve these deficits.

Note 14. Accounting Standards Issued, But Not Implemented

As of June 30, 2014, the Governmental Accounting Standards Board had issued the following standards which the County will implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions in regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, amends Statement 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities.

Management has not concluded its assessment of the effect of implementing this guidance.

Note 15. Subsequent Events

In January 2015, the Memorial Hospital of Converse County has paid off its 2005 bonds with a note payable from a bank secured by certificates of deposit and the 2008 bonds will be paid off in June 2015.

In July 2014, the County awarded a contract the Converse County Library Expansion – New Glenrock Library Project in the amount of \$4,250,000.

In February 2015, the County awarded a contract for the Walker Creek Road rehabilitation phase III project in the amount of \$9,906,000.

REQUIRED SUPPLEMENTARY INFORMATION

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Tax - property	\$ 11,197,880	\$ 11,197,880	\$ 11,454,132	\$ 256,252
Tax - other	8,003,000	8,003,000	11,876,433	3,873,433
Intergovernmental revenues	484,500	484,500	860,798	376,298
Charges for services	318,300	318,300	779,124	460,824
Investment income	75,000	75,000	133,961	58,961
Economic development	9,977	9,977	28,370	18,393
Miscellaneous revenues	1,013,200	1,013,200	1,241,337	228,137
Total revenues	21,101,857	21,101,857	26,374,155	5,272,298
Expenditures				
Current				
County Commissioners	307,816	307,816	282,972	24,844
County Clerk	611,542	611,542	494,810	116,732
County Treasurer	419,181	419,181	408,301	10,880
County Assessor	471,853	471,853	405,746	66,107
County Sheriff	2,338,257	2,338,257	2,328,409	9,848
County Attorney	1,089,824	1,089,824	1,025,939	63,885
Courthouse	505,881	534,462	534,462	-
Surveyor	25,000	25,000	4,427	20,573
Coroner	62,538	62,538	57,640	4,898
Conservation of natural resources	128,443	128,443	125,069	3,374
Clerk of District Court	412,690	412,690	375,172	37,518
IT	92,761	92,761	88,735	4,026
County jail	1,683,435	1,705,519	1,705,519	-
Road and bridge	3,738,581	3,971,439	3,971,439	-
Elections	145,241	145,241	105,685	39,556
Emergency management	184,094	184,094	171,494	12,600
Special projects	75,142	75,142	46,792	28,350
Total County departments	12,292,279	12,575,802	12,132,611	443,191

(Continued)

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General accounts	\$ 738,933	\$ 738,933	\$ 484,458	\$ 254,475
Depreciation reserve	1,316,930	1,316,930	1,241,196	75,734
Community aid	436,500	436,500	433,912	2,588
Fire suppression	1,107,998	1,373,498	1,373,438	60
Building and maintenance reserve	2,113,500	2,113,500	50,775	2,062,725
Economic development	400,000	400,000	-	400,000
Equipment reserves	500,000	500,000	-	500,000
Total expenditures	<u>18,906,140</u>	<u>19,455,163</u>	<u>15,716,390</u>	<u>3,738,773</u>
Excess of revenues over expenditures	<u>2,195,717</u>	<u>1,646,694</u>	<u>10,657,765</u>	<u>9,011,071</u>
Other financing uses				
Transfers out	(9,781,200)	(9,781,200)	(9,850,600)	(69,400)
Total other financing uses	<u>(9,781,200)</u>	<u>(9,781,200)</u>	<u>(9,850,600)</u>	<u>(69,400)</u>
Net change in fund balance	<u>(7,585,483)</u>	<u>(8,134,506)</u>	<u>807,165</u>	<u>\$ 8,941,671</u>
Fund balance, beginning of year	<u>28,808,450</u>	<u>28,808,450</u>	<u>28,808,450</u>	
Fund balance, end of year	<u>\$ 21,222,967</u>	<u>\$ 20,673,944</u>	<u>\$ 29,615,615</u>	

See accompanying note to required supplementary information

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 SPECIAL PURPOSE TAX FUND
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget (Positive Negative)
	Original	Final		
Revenues				
Taxes	\$ 10,500,000	\$ 10,500,000	\$ 12,650,170	\$ 2,150,170
Investment income	-	-	6,683	6,683
	<u>10,500,000</u>	<u>10,500,000</u>	<u>12,656,853</u>	<u>2,156,853</u>
Expenditures				
Current				
General government	10,500,000	10,500,000	3,883,869	6,616,131
Total expenditures	<u>10,500,000</u>	<u>10,500,000</u>	<u>3,883,869</u>	<u>6,616,131</u>
Excess of revenues over expenditures	-	-	8,772,984	<u>\$ 8,772,984</u>
Fund balance, beginning of year	<u>378,510</u>	<u>378,510</u>	<u>378,510</u>	
Fund balance, end of year	<u>\$ 378,510</u>	<u>\$ 378,510</u>	<u>\$ 9,151,494</u>	

See accompanying note to required supplementary information

CONVERSE COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

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	\$ 23,349,356	\$ (120,953)	\$ (23,228,403)	\$ -
Tax - property	-	-	11,454,132	11,454,132
Tax - other	-	-	11,876,433	11,876,433
Licenses and permits	743,536	25,718	(769,254)	-
Intergovernmental	2,069,587	-	(1,208,789)	860,798
Charges for services	7,000	-	772,124	779,124
Investment income	174,740	(40,779)	-	133,961
Economic Development	-	-	28,370	28,370
Miscellaneous revenues	103,744	7,696	1,129,897	1,241,337
	<u>\$ 26,447,963</u>	<u>\$ (128,318)</u>	<u>\$ 54,510</u>	<u>\$ 26,374,155</u>
Expenditures				
General government	\$ 7,247,009	\$ 141,858	\$ (7,388,867)	\$ -
Public safety	4,204,775	(23,354)	(4,181,421)	-
Public works	4,082,305	(110,867)	(3,971,438)	-
Health, welfare and recreation	-	-	-	-
Conservation of natural resources	131,108	(6,039)	(125,069)	-
Economic development	-	-	-	-
Debt service - principal	66,406	(66,406)	-	-
Debt service - interest	13,652	(13,652)	-	-
Capital outlay	51,800	(1,025)	(50,775)	-
County Commissioners	-	-	282,972	282,972
County Clerk	-	-	494,810	494,810
County Treasurer	-	-	408,301	408,301
County Assessor	-	-	405,746	405,746
County Sheriff	-	-	2,328,409	2,328,409
County Attorney	-	-	1,025,939	1,025,939
Courthouse	-	-	534,462	534,462
Surveyor	-	-	4,427	4,427
Coroner	-	-	57,640	57,640
Conservation of natural resources	-	-	125,069	125,069
Clerk of District Court	-	-	375,172	375,172
IT	-	-	88,735	88,735
County jail	-	-	1,705,519	1,705,519
Road and bridge	-	-	3,971,439	3,971,439
Elections	-	-	105,685	105,685
Emergency management	-	-	171,494	171,494
Special projects	-	-	46,792	46,792
General accounts	-	-	484,458	484,458
Depreciation reserve	-	-	1,241,196	1,241,196
Community aid	-	-	433,912	433,912
Fire suppression	-	-	1,373,438	1,373,438
Building and maintenance reserve	-	-	50,775	50,775
	<u>\$ 15,797,055</u>	<u>\$ (79,485)</u>	<u>\$ (1,180)</u>	<u>\$ 15,716,390</u>

CONVERSE COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

Note 1. Basis of Budgeting (Continued)

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

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 12,826,259	\$ (176,089)	\$ -	\$ 12,650,170
Investment income	9,288	(2,605)	-	6,683
	<u>\$ 12,835,547</u>	<u>\$ (178,694)</u>	<u>\$ -</u>	<u>\$ 12,656,853</u>
Expenditures				
Capital outlay	\$ 4,297,661	\$ (413,792)	\$ -	\$ 3,883,869
	<u>\$ 4,297,661</u>	<u>\$ (413,792)</u>	<u>\$ -</u>	<u>\$ 3,883,869</u>

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OTHER SUPPLEMENTARY INFORMATION

CONVERSE COUNTY, WYOMING

COMBINING BALANCE SHEET
COUNTY ROADS FUNDS

June 30, 2014

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 813,755	\$ 13,317,661	\$ 117,877	\$ 14,249,293
Investments	1,048,330	724,684	-	1,773,014
Due from other governments	34,626	-	-	34,626
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,896,711</u>	<u>\$ 14,042,345</u>	<u>\$ 117,877</u>	<u>\$ 16,056,933</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 667,156	\$ 6,739	\$ 673,895
Due to other funds	13,473	-	-	13,473
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>13,473</u>	<u>667,156</u>	<u>6,739</u>	<u>687,368</u>
Fund Balances				
Restricted				
County road construction	1,883,238	-	-	1,883,238
Committed				
Road construction	-	13,375,189	111,138	13,486,327
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>1,883,238</u>	<u>13,375,189</u>	<u>111,138</u>	<u>15,369,565</u>
Total liabilities and fund balances	<u>\$ 1,896,711</u>	<u>\$ 14,042,345</u>	<u>\$ 117,877</u>	<u>\$ 16,056,933</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COUNTY ROADS FUNDS
 Year Ended June 30, 2014

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
Revenues				
Intergovernmental revenues	\$ 435,490	\$ 563,561	\$ -	\$ 999,051
Investment income	17,035	28,532	-	45,567
Total revenues	<u>452,525</u>	<u>592,093</u>	<u>-</u>	<u>1,044,618</u>
Expenditures				
Capital outlay	1,175,936	1,954,274	6,739	3,136,949
Total expenditures	<u>1,175,936</u>	<u>1,954,274</u>	<u>6,739</u>	<u>3,136,949</u>
Deficiency of revenues over expenditures	<u>(723,411)</u>	<u>(1,362,181)</u>	<u>(6,739)</u>	<u>(2,092,331)</u>
Other financing sources				
Transfers in	<u>69,560</u>	<u>9,764,596</u>	<u>-</u>	<u>9,834,156</u>
Total other financing sources	<u>69,560</u>	<u>9,764,596</u>	<u>-</u>	<u>9,834,156</u>
Net changes in fund balances	(653,851)	8,402,415	(6,739)	7,741,825
Fund balances, beginning of year	<u>2,537,089</u>	<u>4,972,774</u>	<u>117,877</u>	<u>7,627,740</u>
Fund balances, end of year	<u><u>\$ 1,883,238</u></u>	<u><u>\$ 13,375,189</u></u>	<u><u>\$ 111,138</u></u>	<u><u>\$ 15,369,565</u></u>

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROADS FUND
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 280,000	\$ 280,000	\$ 413,736	\$ 133,736
Investment income	8,000	8,000	11,290	3,290
	<u>288,000</u>	<u>288,000</u>	<u>425,026</u>	<u>137,026</u>
Expenditures				
Capital outlay	2,801,030	2,801,030	1,175,935	1,625,095
Total expenditures	<u>2,801,030</u>	<u>2,801,030</u>	<u>1,175,935</u>	<u>1,625,095</u>
Excess (deficiency) of revenues over expenditures	<u>(2,513,030)</u>	<u>(2,513,030)</u>	<u>(750,909)</u>	<u>\$ 1,762,121</u>
Other financing sources				
Transfers in	-	-	69,400	69,400
Total other financing sources	<u>-</u>	<u>-</u>	<u>69,400</u>	<u>69,400</u>
Net change in fund balance	<u>(2,513,030)</u>	<u>(2,513,030)</u>	<u>(681,509)</u>	<u>\$ 1,692,721</u>
Fund balance, beginning of year	<u>2,535,238</u>	<u>2,535,238</u>	<u>2,535,238</u>	
Fund balance, end of year	<u>\$ 22,208</u>	<u>\$ 22,208</u>	<u>\$ 1,853,729</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROADS OTHER FUND
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 8,781,200	\$ 8,781,200	\$ 563,561	\$ (8,217,639)
Investment income	13,500	13,500	28,532	15,032
	<u>8,794,700</u>	<u>8,794,700</u>	<u>592,093</u>	<u>(8,202,607)</u>
Expenditures				
Capital outlay	9,764,485	9,764,485	1,321,725	8,442,760
Total expenditures	<u>9,764,485</u>	<u>9,764,485</u>	<u>1,321,725</u>	<u>8,442,760</u>
Excess (deficiency) of revenues over expenditures	<u>(969,785)</u>	<u>(969,785)</u>	<u>(729,632)</u>	<u>240,153</u>
Other financing sources				
Transfers in	-	-	9,764,485	9,764,485
Total other financing sources	<u>-</u>	<u>-</u>	<u>9,764,485</u>	<u>9,764,485</u>
Net change in fund balance	<u>(969,785)</u>	<u>(969,785)</u>	<u>9,034,853</u>	<u>\$ (9,524,332)</u>
Fund balance, beginning of year	<u>5,004,470</u>	<u>5,004,470</u>	<u>5,004,470</u>	
Fund balance, end of year	<u>\$ 4,034,685</u>	<u>\$ 4,034,685</u>	<u>\$ 14,039,323</u>	

CONVERSE COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROAD 37 FUND
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues				
Investment income	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	\$ -
Fund balance, beginning of year	117,877	117,877	117,877	
Fund balance, end of year	\$ 117,877	\$ 117,877	\$ 117,877	

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2014

	Rural Fire Protection	Parks and Recreation	Health Dept	Enhanced 911	Homeland Security Grants
ASSETS					
Cash and cash equivalents	\$ 10,780	\$ 16,300	\$ 60,243	\$ 436,335	\$ -
Property taxes receivable	643	207,262	148,871	-	-
Due from other governments	-	-	-	-	29,787
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 11,423</u>	<u>\$ 223,562</u>	<u>\$ 209,114</u>	<u>\$ 453,595</u>	<u>\$ 29,787</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 11,400	\$ 14,863	\$ 4,283	\$ -
Due to other funds	-	-	-	-	5,335
Refundable advances	-	-	-	-	-
Total liabilities	<u>-</u>	<u>11,400</u>	<u>14,863</u>	<u>4,283</u>	<u>5,335</u>
Deferred inflows of resources					
tax revenue	643	206,928	148,551	-	-
Total deferred inflows of resources	<u>643</u>	<u>206,928</u>	<u>148,551</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted					
Rural fire protection	10,780	-	-	-	-
Parks and recreation	-	5,234	-	-	-
Health department	-	-	45,700	-	-
Enhanced 911	-	-	-	449,312	-
Grants	-	-	-	-	24,452
Committed					
HAHR	-	-	-	-	-
Impact assistance	-	-	-	-	-
Assigned					
Inmate welfare	-	-	-	-	-
Offender monitoring	-	-	-	-	-
Unassigned					
	-	-	-	-	-
Total fund balances	<u>10,780</u>	<u>5,234</u>	<u>45,700</u>	<u>449,312</u>	<u>24,452</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,423</u>	<u>\$ 223,562</u>	<u>\$ 209,114</u>	<u>\$ 453,595</u>	<u>\$ 29,787</u>

TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Offender Monitoring
\$ -	\$ 11,024	\$ 10,621	\$ 76,292	\$ 6,814
1,231	-	-	-	-
1,164	-	1,000	-	-
-	-	-	-	-
<u>\$ 2,395</u>	<u>\$ 11,024</u>	<u>\$ 11,621</u>	<u>\$ 76,292</u>	<u>\$ 6,814</u>

\$ -	\$ -	\$ 12,900	\$ 430	\$ -
1,231	-	1,164	-	-
-	-	-	-	-
<u>1,231</u>	<u>-</u>	<u>14,064</u>	<u>430</u>	<u>-</u>

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,164	11,024	-	-	-

-	-	-	-	-
-	-	-	-	-

-	-	-	75,862	-
-	-	-	-	6,814
-	-	(2,443)	-	-
<u>1,164</u>	<u>11,024</u>	<u>(2,443)</u>	<u>75,862</u>	<u>6,814</u>

<u>\$ 2,395</u>	<u>\$ 11,024</u>	<u>\$ 11,621</u>	<u>\$ 76,292</u>	<u>\$ 6,814</u>
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(Continued)

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2014

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	K-9	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 7,046	\$ 3,162	\$ -	\$ 51,451	\$ 15,000	\$ 705,068
Property taxes receivable	-	-	-	-	-	356,776
Due from other governments	-	-	-	-	-	32,018
Due from other funds	-	-	-	-	-	1,164
Total assets	<u>\$ 7,046</u>	<u>\$ 3,162</u>	<u>\$ -</u>	<u>\$ 51,451</u>	<u>\$ 15,000</u>	<u>\$ 1,112,286</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 93	\$ -	\$ 3,063	\$ -	\$ 170	\$ 47,202
Due to other funds	-	-	-	-	-	7,730
Refundable advances	7,046	-	-	-	-	7,046
Total liabilities	<u>7,139</u>	<u>-</u>	<u>3,063</u>	<u>-</u>	<u>170</u>	<u>61,978</u>
Deferred inflows of resources						
Deferred property tax revenue	-	-	-	-	-	356,122
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,122</u>
Fund Balances						
Restricted						
Rural fire protection	-	-	-	-	-	10,780
Parks and recreation	-	-	-	-	-	5,234
Health department	-	-	-	-	-	45,700
Enhanced 911	-	-	-	-	-	449,312
Grants	-	3,162	-	-	14,830	54,632
Committed						
HAHR	-	-	-	-	-	-
Impact assistance	-	-	-	51,451	-	51,451
Assigned						
Inmate welfare	-	-	-	-	-	75,862
Offender monitoring	-	-	-	-	-	6,814
Unassigned	(93)	-	(3,063)	-	-	(5,599)
Total fund balances	<u>(93)</u>	<u>3,162</u>	<u>(3,063)</u>	<u>51,451</u>	<u>14,830</u>	<u>694,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,046</u>	<u>\$ 3,162</u>	<u>\$ -</u>	<u>\$ 51,451</u>	<u>\$ 15,000</u>	<u>\$ 1,112,286</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2014

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911
Revenues				
Taxes	\$ 764	\$ 167,359	\$ 144,532	\$ 139,568
Intergovernmental revenues	-	-	25,514	-
Charges for services	-	-	75,540	-
Investment income	40	527	870	1,041
Miscellaneous revenues	-	2,590	2,220	-
Total revenues	<u>804</u>	<u>170,476</u>	<u>248,676</u>	<u>140,609</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	89,723
Health, welfare and recreation	-	-	256,771	-
Conservation of natural resources	-	190,658	-	-
Total expenditures	<u>-</u>	<u>190,658</u>	<u>256,771</u>	<u>89,723</u>
Excess (deficiency) of revenues over expenditures	804	(20,182)	(8,095)	50,886
Other financing sources (uses)				
Transfers in	-	-	13,825	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,825</u>	<u>-</u>
Net changes in fund balances	<u>804</u>	<u>(20,182)</u>	<u>5,730</u>	<u>50,886</u>
Fund balances, beginning of year	<u>9,976</u>	<u>25,416</u>	<u>39,970</u>	<u>398,426</u>
Fund balances, end of year	<u>\$ 10,780</u>	<u>\$ 5,234</u>	<u>\$ 45,700</u>	<u>\$ 449,312</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grant	Inmate Welfare	Offender Monitoring
\$ -		\$ -	\$ -	\$ -	\$ -
56,109	11,267	-	132,478	9,793	-
-		-	-	-	-
-		-	-	179	-
-		-	-	-	-
<u>56,109</u>	<u>11,267</u>	<u>-</u>	<u>132,478</u>	<u>9,972</u>	<u>-</u>
-		-	10,628	-	-
53,318		-	147,673	5,048	480
-	11,267	-	8,530	-	-
-		-	-	-	-
<u>53,318</u>	<u>11,267</u>	<u>-</u>	<u>166,831</u>	<u>5,048</u>	<u>480</u>
2,791	-	-	(34,353)	4,924	(480)
-	889	-	181,573	-	-
(62,611)	-	-	-	-	-
<u>(62,611)</u>	<u>889</u>	<u>-</u>	<u>181,573</u>	<u>-</u>	<u>-</u>
(59,820)	889	-	147,220	4,924	(480)
<u>84,272</u>	<u>275</u>	<u>11,024</u>	<u>(149,663)</u>	<u>70,938</u>	<u>7,294</u>
<u>\$ 24,452</u>	<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ (2,443)</u>	<u>\$ 75,862</u>	<u>\$ 6,814</u>

(Continued)

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 Year Ended June 30, 2014

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	K-9	Nonmajor Special Revenue Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$452,223
Intergovernmental revenues	102,254	52,242	-	-	15,000	404,657
Charges for services	-	-	-	-	-	75,540
Investment income	-	(38)	-	128	-	2,747
Miscellaneous revenues	-	-	-	-	-	4,810
Total revenues	102,254	52,204	-	128	15,000	939,977
Expenditures						
Current						
General government	88,944	-	-	-	-	99,572
Public safety	-	-	-	-	170	296,412
Health, welfare and recreation	-	49,042	3,063	-	-	328,673
Conservation of natural resources	-	-	-	-	-	190,658
Total expenditures	88,944	49,042	3,063	-	170	915,315
Excess (deficiency) of revenues over expenditures	13,310	3,162	(3,063)	128	14,830	24,662
Other financing sources (uses)						
Transfers in	-	-	-	-	-	196,287
Transfers out	(13,825)	(6,031)	-	-	-	(82,467)
Total other financing sources (uses)	(13,825)	(6,031)	-	-	-	113,820
Net changes in fund balances	(515)	(2,869)	(3,063)	128	14,830	138,482
Fund balances, beginning of year	422	6,031	-	51,323	-	555,704
Fund balances, end of year	\$ (93)	\$ 3,162	\$ (3,063)	\$ 51,451	\$ 14,830	\$694,186

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2014

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 934,075	\$ 108,310	\$ 1,042,385
Investments	83,138	28,732	111,870
Property taxes receivable	820,467	-	820,467
Accounts receivable	153	21,354	21,507
Due from other governments	26,078	-	26,078
Restricted investments	-	117,532	117,532
Beneficial interest in assets held by others	-	247,935	247,935
Capital assets being depreciated, net of accumulated depreciation	651,521	705	652,226
 Total assets	 2,515,432	 524,568	 3,040,000
LIABILITIES			
Accounts payable and accrued liabilities	5,115	-	5,115
Noncurrent liabilities			
Due within one year	5,447	-	5,447
Due in more than one year	35,015	-	35,015
Total liabilities	45,577	-	45,577
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	799,731	-	799,731
Total deferred inflows of resources	799,731	-	799,731
NET POSITION			
Net investment in capital assets	651,521	705	652,226
Permanently restricted by grantors/donors	-	365,467	365,467
Unrestricted	1,018,603	158,396	1,176,999
 Total net position	 \$ 1,670,124	 \$ 524,568	 \$ 2,194,692

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2014

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Taxes	\$ 1,222,831	\$ -	\$ 1,222,831
Charges for services	12,600	-	12,600
Miscellaneous	110	386	496
Investment income	2,519	31,800	34,319
Public support	-	62,205	62,205
Total revenues	<u>1,238,060</u>	<u>94,391</u>	<u>1,332,451</u>
Expenditures			
Current			
Health, welfare and recreation	886,877	8,457	895,334
Debt service			
Interest	1,703	-	1,703
Capital outlay	99,114	-	99,114
Total expenditures	<u>987,694</u>	<u>8,457</u>	<u>996,151</u>
Excess of revenues over expenditures	<u>250,366</u>	<u>85,934</u>	<u>336,300</u>
Other financing sources			
Contributions to an endowment	-	8,619	8,619
	<u>-</u>	<u>8,619</u>	<u>8,619</u>
Net change in fund balance	<u>250,366</u>	<u>94,553</u>	<u>344,919</u>
Net position, beginning of year	<u>1,419,758</u>	<u>430,015</u>	<u>1,849,773</u>
Net position, end of year	<u>\$ 1,670,124</u>	<u>\$ 524,568</u>	<u>\$ 2,186,073</u>

SINGLE AUDIT, INTERNAL CONTROL, AND COMPLIANCE INFORMATION

CONVERSE COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	<u>\$ 14,602</u>
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	<u>105,647</u>
<i>Forest Service Schools and Roads Cluster</i>			
Passed through the Wyoming State Treasurer's Office Schools and Roads - Grants to States	10.665	-	17,619
Direct Funding Schools and Roads - Grants to Counties	10.666	-	<u>355,349</u>
Total Forest Service Schools and Roads Cluster			<u>372,968</u>
Total U.S. Department of Agriculture			<u>493,217</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation <i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	20.205	CM 0.00 CM12002	<u>309,864</u>
Total Highway Planning and Construction Cluster			<u>309,864</u>
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	-	5,850
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		<u>2,050</u>
Total Highway Safety Cluster			<u>7,900</u>
Alcohol Open Container Requirements	20.607	-	<u>5,000</u>
Total U.S. Department of Transportation			<u>322,764</u>

(Continued)

See notes to the schedule of expenditures of federal awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health Public Health Emergency Preparedness	93.069	-	<u>\$ 98,451</u>
<i>TANF Cluster</i>			
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558	-	11,266
Passed through the Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	-	8,530
Total TANF Cluster			<u>19,796</u>
Passed through Wyoming Department of Health HIV Prevention Activities - Health Department Based	93.940	-	<u>3,211</u>
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	-	<u>1,193</u>
Total U.S. Department of Health and Human Services			<u>122,651</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security Emergency Management Performance Grants	97.042	12-GPD-CON-EM-GCF12	30,000
Homeland Security Grant Program	97.067	11-GPD-CON-SC-HSG11	74
Homeland Security Grant Program	97.067	12-GPD-CON-LC-HLC12	2,505
Homeland Security Grant Program	97.067	12-GPD-CON-SC-HSG12	26,471
Homeland Security Grant Program	97.067	13-GPD-CON-LS-HLE13	7,948
Homeland Security Grant Program	97.067	13-GPD-CON-LC-HLC13	211
Homeland Security Grant Program	97.067	12-GPD-CON-SC-HSG13	18,423
Total Homeland Security Grant Program			<u>55,632</u>
Total U.S. Department of Homeland Security			<u>85,632</u>
Total Federal Financial Assistance			<u>\$ 1,024,264</u>

See notes to the schedule of expenditures of federal awards

CONVERSE COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Converse County, Wyoming and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. 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 OMB Circular No. A-87. 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, 2014, the County recognized \$631,029 of PILT entitlement as income.

Note 3. Subrecipients

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided \$105,647 in Cooperative Forestry Assistance, CFDA 10.664 to a subrecipient.



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Converse County, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Converse County, Wyoming (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 13, 2015. Our report includes a reference to other auditors who audited the financial statements for the Memorial Hospital of Converse County, Converse County Weed and Pest Control District, and the Converse County Airport Board as described in our report on Converse County, Wyoming's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2014-001 that we considered to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Finding

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
February 13, 2015



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Converse County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Converse County, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. Converse County, Wyoming's major Federal program is 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, Converse County Weed and Pest Control District, and the Converse County Airport Board, which received \$296,911 in federal awards, which is not included in the schedule during the year ended June 30, 2014. Our audit described below, did not include the operations of the aforementioned entities because these organizations engaged other auditors to perform their audits.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Converse County'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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 of 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 each of its major federal programs for the year ended June 30, 2014.

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 our 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
February 13, 2015

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs: Material weakness 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 Section 510(a) of Circular A-133?	No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.205	<i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	\$ 309,864

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2014

PART II – FINANCIAL STATEMENT FINDINGS

2014-001

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity’s internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. Statement on Auditing Standards (SAS) No. 115 emphasizes that the auditor cannot be part of the entity’s system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

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

Effect

Potential misstatements could exist within the County’s financial statements without being detected.

Cause

County does not see a significant value from the technical compliance with this statement or a cost benefit to the County.

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. The County should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

Views of responsible officials and planned corrective actions

While the County understands the issued guidelines under SAS No. 115, the County does not see a significant value from the technical compliance with this statement or a cost benefit to the County.

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

CONVERSE COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2014

There were no audit findings reported for the year ended June 30, 2013.