

CONVERSE COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise Converse County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board, discretely presented component units, which represent 97 percent, 98 percent and 99 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context.

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

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 24, 2016, 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 24, 2016

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(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, 2015. 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, 2015 by \$109,838,868 (Net Position). Of this amount \$47,631,790 (unrestricted Net Position) may be used to meet ongoing obligations, and \$43,921,906 is invested in capital assets, net of related debt.

As of June 30, 2015, the County's governmental funds reported combined fund balances of \$67,002,639. Unassigned fund balance of the combined fund balance was \$11,142,802.

The fund balance for the general fund was \$29,861,673 as of June 30, 2015, with an unassigned fund balance of \$11,073,404.

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, 2015

(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: the Converse County Weed and Pest Control District, the Converse County Airport Board, the 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, the Converse County Airport Board, and the Memorial Hospital of Converse County may be obtained from these entity's administrative offices.

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, 2015

(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 uses a proprietary-type fund to account for its medical insurance activity. A proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Internal Service Fund.

Fiduciary funds are used to account for assets held by the County for the benefit of other parties. Fiduciary funds are not presented in the government-wide financial statements because the resources of these funds are not available to finance the County's activities. However, the financial statements of fiduciary funds are included in the County's financial statements because the County is financially accountable for these resources, even though they belong to other parties.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements.

Required Supplementary Information is presented concerning the County's General Fund 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 also includes schedules of changes in net pension liability, ratios and pension contributions.

In addition to the required elements, we have included combining statements that provide details about our non-major governmental funds 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.

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 \$109,838,868. A large portion of the County's net position (40%) 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 \$1,238,010 in outstanding debt related to its capital assets. The unrestricted net position of \$47,631,790 (43%) may be used to meet the County's ongoing obligations.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

The County's net position for the governmental activities as of June 30, 2015, were as follows:

	2015	Variance	As restated 2014
ASSETS			
Current assets	\$ 93,129,753	\$ 21,477,276	\$ 71,652,477
Capital assets, net of accumulated depreciation	45,159,916	20,093,988	25,065,928
Total assets	<u>138,289,669</u>	<u>41,571,264</u>	<u>96,718,405</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>852,800</u>	<u>401,925</u>	<u>450,875</u>
LIABILITIES			
Current liabilities	3,112,811	(402,759)	2,710,052
Due in more than one year	495,958	91,467	587,425
Pension liability	3,691,461	(750,570)	2,940,891
Total liabilities	<u>7,300,230</u>	<u>(1,061,862)</u>	<u>6,238,368</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	<u>22,003,371</u>	<u>(7,532,176)</u>	<u>14,471,195</u>
NET POSITION			
Net investment in capital assets	43,921,906	19,588,199	24,333,707
Restricted	18,291,043	4,909,852	13,381,191
Unrestricted	47,625,919	8,881,100	38,744,819
Total net position	<u>\$ 109,838,868</u>	<u>\$ 33,379,151</u>	<u>\$ 76,459,717</u>

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CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

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

	<u>2015</u>	<u>Percentage</u>	<u>2014</u>	<u>Percentage</u>	<u>Variance</u>
Revenues					
General					
Taxes					
Property	\$ 14,578,814	29.2%	\$ 10,942,254	26.2%	\$ 3,636,560
Sales	23,599,201	47.3%	19,580,449	46.8%	4,018,752
Other	7,641,220	15.3%	7,541,778	18.0%	99,442
Other grants and contributions	426,493	0.9%	90,000	0.2%	336,493
Payments in lieu of taxes	623,408	1.2%	631,029	1.5%	(7,621)
Unrestricted interest earnings	208,484	0.4%	236,835	0.6%	(28,351)
Miscellaneous	28,189	0.1%	149,884	0.4%	(121,695)
Program Revenues					
Charges for services	961,394	1.9%	1,098,529	2.6%	(137,135)
Operating grants and contributions	1,090,591	2.2%	951,093	2.3%	139,498
Capital grants contributions	730,220	1.5%	586,941	1.4%	143,279
Total revenues	<u>49,888,014</u>	<u>100.0%</u>	<u>41,808,792</u>	<u>100.0%</u>	<u>8,079,222</u>
Expenses					
General government	7,690,663	46.6%	6,765,248	40.1%	925,415
Public safety	4,689,116	28.4%	4,545,909	27.0%	143,207
Public works	3,492,348	21.2%	4,920,353	29.1%	(1,428,005)
Health, welfare, and recreation	321,139	1.9%	328,078	1.9%	(6,939)
Conservation of natural resources	303,931	1.8%	307,055	1.8%	(3,124)
Interest on long-term debt	11,666	0.1%	13,652	0.1%	(1,986)
Total expenses	<u>16,508,863</u>	<u>100.0%</u>	<u>16,880,295</u>	<u>100.0%</u>	<u>(371,432)</u>
Changes in net position	<u>33,379,151</u>		<u>24,928,497</u>		<u>\$ 8,450,654</u>
Net position, beginning of year	78,949,733		54,021,236		
Prior period adjustment	<u>(2,490,016)</u>		<u>-</u>		
Net position, end of year	<u>\$ 109,838,868</u>		<u>\$ 78,949,733</u>		

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015
(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, 2015, the County's governmental funds reported combined fund balances of \$63,002,639.

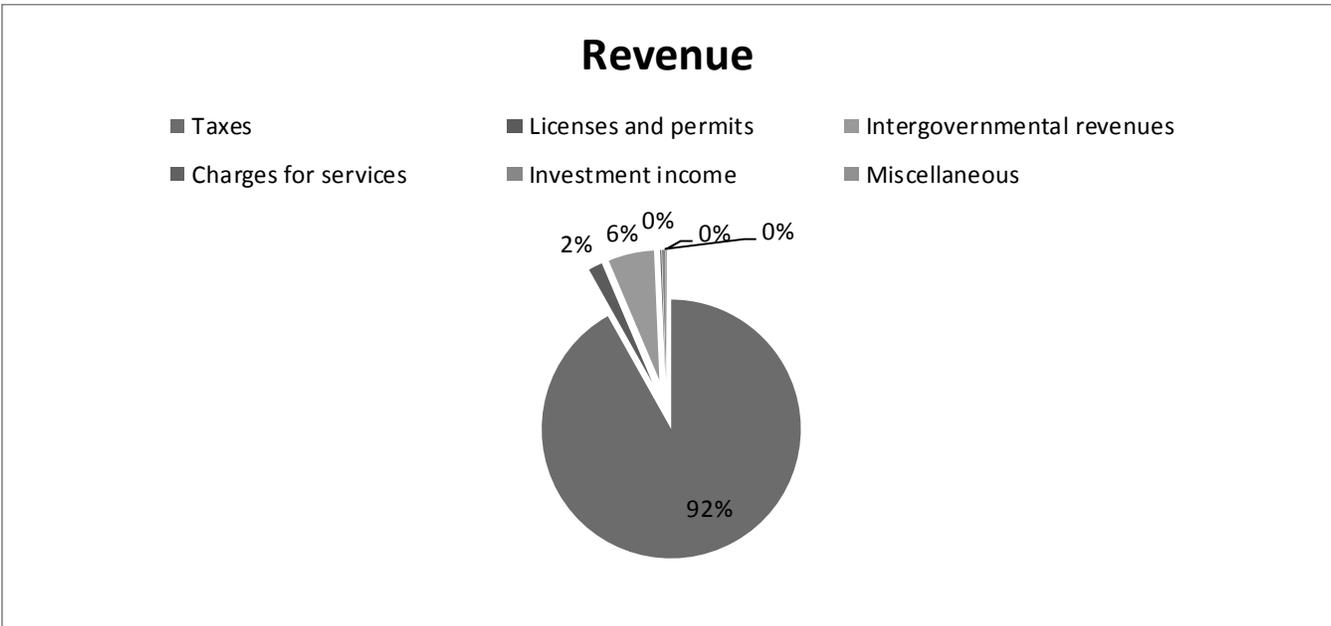
The General Fund is the main operating fund of the County. As of June 30, 2015, the total fund balance was \$29,861,673, while the unassigned General Fund balance was \$11,073,404.

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, 2015, the County Road Fund shows a fund balance of \$20,937,103.

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 \$49.9 million for the fiscal year ended June 30, 2015. . The following schedule presents revenues by source.

Revenues	2015	Percentage	2014	Percentage	Variance
Taxes	\$ 45,899,940	91.9%	\$ 36,627,838	88.7%	\$ 9,272,102
Licenses and permits	862,808	1.7%	743,536	1.8%	119,272
Intergovernmental revenues	2,866,136	5.7%	3,473,295	8.4%	(607,159)
Charges for services	88,635	0.2%	82,540	0.2%	6,095
Investment income	203,597	0.4%	232,342	0.6%	(28,745)
Miscellaneous	43,195	0.1%	108,554	0.3%	(65,359)
Total revenues	\$ 49,964,311	100.0%	\$ 41,268,105	100.0%	\$ 8,696,206



CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

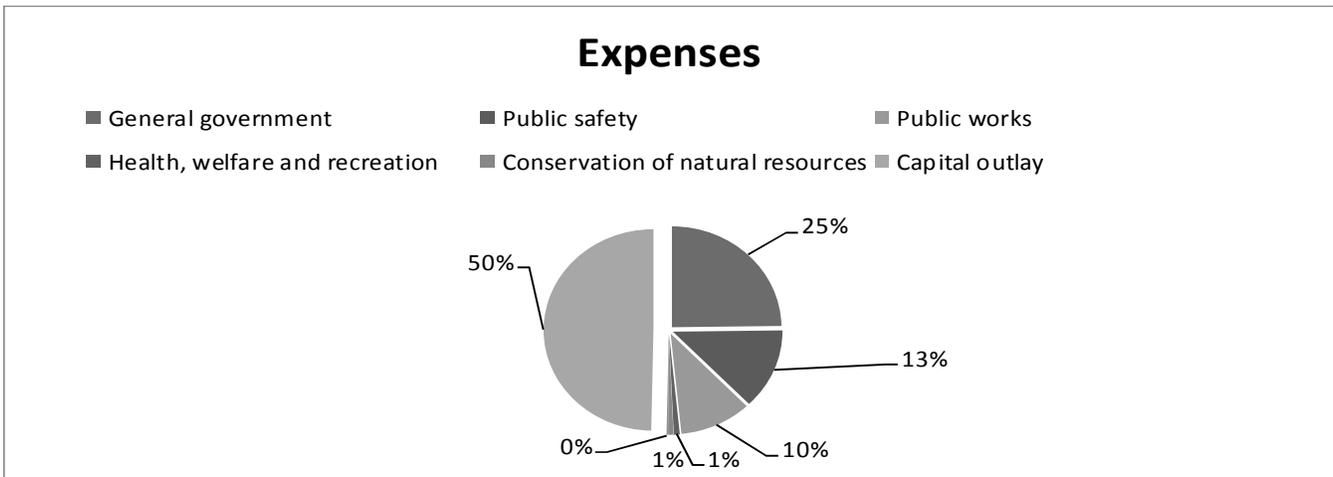
(Unaudited)

Financial Analysis of the County's Funds (Continued)

Expenditures for governmental funds were approximately \$36.2 million for fiscal year 2015.

The following schedule presents expenditures by activities.

Expenditures	2015	Percentage	2014	Percentage	Variance
Current					
General government	\$ 8,966,800	24.8%	\$ 7,346,581	30.4%	\$ 1,620,219
Public safety	4,681,635	12.9%	4,501,187	18.6%	180,448
Public works	3,860,427	10.7%	4,082,305	16.9%	(221,878)
Health, welfare and recreation	314,131	0.9%	328,673	1.4%	(14,542)
Conservation of natural resources	289,324	0.8%	321,766	1.3%	(32,442)
Debt Service					
Principal	68,392	0.2%	66,406	0.3%	1,986
Interest	11,666	0.0%	13,652	0.1%	(1,986)
Capital outlay	17,965,930	49.7%	7,486,410	31.0%	10,479,520
Total expenditures	\$ 36,158,305	100.0%	\$ 24,146,980	100.0%	\$ 12,011,325



Fiscal year 2015 resulted in another record revenue year for the County General Fund, as the county was still riding the tail end of the energy extraction boom. Higher production for calendar year 2014, along with prices that had not yet crashed due to the decline in oil prices, drove taxable values over \$1.4 billion and sales taxes to record levels. While the valuation saw another increase in fiscal year 2016, up to \$1.8 billion, the downturn in prices and resulting decline in activity will drive the value down an estimated 20% - 30% in fiscal year 2017.

The oil and gas activity also allowed the county to collect the Special Purpose Excise Tax levied for the construction of a Douglas branch of Eastern Wyoming College and new libraries in Douglas and Glenrock much quicker than originally projected.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

The \$31.744 million ballot issue began to be collected in April 2013, when Converse County’s sales tax rate was raised to 6%. Collections that were originally projected to total \$750,000 per month actually averaged \$1.128 million monthly. The additional one cent sales tax that was estimated to last up to 4.5 years was removed in October, 2015, after just 2.5 years. The pace of the collections allowed the county to pay for the projects without selling bonds or borrowing money, saving an estimated \$2 million in debt costs.

Record revenues along with the awareness of the coming economic downturn drove the decision to use excess revenue to enhance reserve funds. At the end of fiscal year 2015, the county built reserves of \$23,071,784, up \$4,329,611 from the prior year, or 23%. Much of that increase was placed in the Building Reserve, in anticipation of building a Justice Center in 2016. Reserves were earmarked as follows:

Reserves	Total
Operating Reserve	\$ 3,918,000
Building Reserve	\$14,337,107
Equipment Reserve	\$ 3,303,440
Salary Reserve	<u>\$ 1,513,237</u>
Total Reserves:	<u>\$23,071,784</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, 2015 was approximately \$43.9 million (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment.

Increased extraction activity across the county resulted in hundreds of miles of roads that required maintenance and repair. In fiscal year 2015, the County planned \$19.7 million in road projects, funded from a variety of sources. The projects increased to \$24.8 million in fiscal year 2016, as the county plans to work on Irvine Road (\$4.7 million), Ross Road (\$3.2 million), Walker Creek Road (\$9.3 million), Brownfield Road (\$1.4 million), Anderson Dairy Road (\$1.25 million) and other roads, as needed.

The County helped supplement the costs of road repairs by implementing fees for overweight vehicles traveling on county roads. Those fees generated \$125,000 in revenues in fiscal year 2014, and \$184,000 in fiscal year 2015.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(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	\$ -	\$ 301,789	\$ 1,670,959
Construction in progress	7,053,933	20,971,076	4,264,030	23,760,979
Total capital assets, not being depreciated	<u>9,026,681</u>	<u>20,971,076</u>	<u>4,565,819</u>	<u>25,431,938</u>
Capital assets being depreciated				
Infrastructure	44,345,026	4,549,328	-	48,894,354
Buildings and building improvements	6,129,932	544,551	47,435	6,627,048
Machinery, equipment, and office fixtures	10,154,485	1,625,535	1,230,165	10,549,855
Total capital assets being depreciated	<u>60,629,443</u>	<u>6,719,414</u>	<u>1,277,600</u>	<u>66,071,257</u>
Less accumulated depreciation for				
Infrastructure	34,882,007	1,791,139	-	36,673,146
Buildings and building improvements	3,795,518	123,333	-	3,918,851
Machinery, equipment, and office fixtures	5,912,671	933,784	1,095,173	5,751,282
Total accumulated depreciation	<u>44,590,196</u>	<u>2,848,256</u>	<u>1,095,173</u>	<u>46,343,279</u>
Total capital assets, being depreciated, net	<u>16,039,247</u>	<u>3,871,158</u>	<u>182,427</u>	<u>19,727,978</u>
Governmental activities, capital assets, net	<u>\$ 25,065,928</u>	<u>\$ 24,842,234</u>	<u>\$ 4,748,246</u>	<u>\$ 45,159,916</u>

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

Fiscal year 2015 Budget

In fiscal year 2015, the County budgeted \$27.5 million in revenue and received \$32.5 million, or 118% of the budgeted total.

The majority of the excess revenues were collected in sales and use taxes, where the County budgeted \$9 million and received \$12.5 million, as oil and gas activity continued to increase throughout the area. The record sales tax numbers peaked in February 2015 as county-wide sales tax collections crested \$10 million for the first time in county history.

The extraction industry drove other excesses in budgeted revenue, as collections from the monthly gas tax of \$388,000, and special fuel tax of \$655,000 were both higher than expected. Collections on vehicle registrations, budgeted at \$475,000, also reached a record high of \$709,000 in fiscal year 2015.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

Taxes on property, including those on mineral producers, raised \$14.2 million during the fiscal year, 52% of all revenue. While the County's overall taxable value rose from \$1.1 billion in fiscal year 2014 to \$1.4 billion in fiscal year 2015 and again to a record \$1.83 billion in fiscal year 2016, those values represent oil, gas and coal revenues from 2012, 2013 and 2014, respectively. The decrease in the value of oil and gas will finally catch up to the county in fiscal year 2017, when tax valuations on mineral producers are expected to drop 25%-30%.

Next Year's Budget and Rates

The County's revenues will peak in fiscal year 2016, as the tax on sales of oil and gas in calendar year 2014 flow into the County taxing entities. However, that peak will represent the tail end of the energy boom that began in mid-2012. Although the County budgeted a record \$35.1 million in revenue for fiscal year 2016, collections in the sales tax sector have already been softer than expected, resulting in a projected \$2 million shortfall in revenue.

The increase in value on property, especially mineral production, drove most of the revenue increase, as the jump from \$1.4 billion in value to \$1.83 billion will result in an additional \$7.8 in tax revenue to the County general fund.

Although the revenue picture is favorable for fiscal year 2016, the County is positioning itself for an expected 25%-30% decrease in taxable value in fiscal year 2017. The reduced revenue will require the County to make difficult decisions regarding the prioritization of expenditures in the near future.

Economic Factors

The County continues to experience record taxable valuations.

2015 Taxable Value	\$1,833,614,182
2014 Taxable Value	\$1,407,977,674
2013 Taxable Value	\$1,168,956,285
2012 Taxable Value	\$1,003,112,636
2011 Taxable Value	\$ 851,310,494

The valuation increases are being driven by the resource extraction industry. The valuation on coal, oil, gas and uranium all saw significant increases from tax year 2014 to tax year 2015.

<u>Mineral</u>	<u>2014 Value</u>	<u>2015 Value</u>
Coal	\$227,860,016	\$249,943,735
Oil	\$655,640,736	\$940,033,811
Gas	\$ 77,856,458	\$139,330,599
Uranium	\$ 29,975,625	\$ 32,097,958

As noted above, the 2015 value represents sales from calendar year 2014, before the downturn in oil prices and extraction activities. The county expects the value of all mineral products to decrease.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(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	\$20,832,963	101.00%	\$210,524	\$3,660	0.02%
2004	\$24,684,439	\$24,862,974	100.72%	\$181,038	\$2,503	0.01%
2005	\$26,177,775	\$26,307,232	100.49%	\$131,595	\$2,138	0.01%
2006	\$27,971,598	\$28,080,514	100.39%	\$111,247	\$2,331	0.01%
2007	\$30,842,505	\$31,804,727	103.12%	\$981,935	\$19,712	0.06%
2008	\$35,446,303	\$35,552,612	100.30%	\$121,570	\$15,260	0.04%
2009	\$42,413,733	\$42,411,683	100.00%	\$3,495	\$5,546	0.01%
2010	\$42,660,071	\$42,814,772	100.36%	\$184,780	\$30,078	0.07%
2011	\$51,067,911	\$51,001,611	99.87%	-\$46,321	\$19,979	0.04%
2012	\$60,249,485	\$60,038,671	99.65%	-\$163,336	\$47,479	0.08%
2013	\$70,127,478	\$69,898,382	99.67%	-\$193,725	\$35,371	0.05%
2014	\$83,608,518	\$83,079,000	99.37%	-\$372,634	\$156,885	0.19%
2015	\$108,450,658	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 \$5,434,400 from property tax repayments, construction retainage, capital leases, incurred but not reported claims payable, compensated absences, and net pension liability. In the fiscal year ended 2015, the County implemented GASB 68 and 71 and recorded its proportional share of the State of Wyoming Retirement System plan’s unfunded pension liability, the statewide cost-sharing multiple-employer public retirement plan. This resulted in recording a net pension liability of \$3,694,461 and \$2,940,891 as of June 30, 2015 and 2015, respectively

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, 2015, the County was required to pay back \$449,809 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 \$53,977.

CONVERSE COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(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, 2015

	Primary Government		Component
	Governmental		Units
	Activities	Total	Total
ASSETS			
Cash and cash equivalents	\$ 43,213,332	\$ 43,213,332	\$ 8,284,553
Investments	23,255,139	23,255,139	761,497
Assets limited as to use	-	-	8,542,413
Property taxes receivable	22,061,190	22,061,190	866,296
Accounts receivable, net	17,229	17,229	10,572,236
Due from other governments	4,217,058	4,217,058	124,030
Due from primary government - fiduciary fund	-	-	16,111
Other current assets	-	-	851,303
Prepaid items	24,015	24,015	-
Inventory	-	-	1,487,571
Restricted cash	321,149	321,149	-
Notes receivable	20,641	20,641	-
Investment in limited liability companies	-	-	268,768
Investment in real estate	-	-	1,999,521
Restricted investments	-	-	146,290
Beneficial interest in assets held by others	-	-	235,248
Capital assets not being depreciated	25,431,938	25,431,938	4,978,985
Capital assets being depreciated, net of accumulated depreciation	19,727,978	19,727,978	34,978,346
Total assets	<u>138,289,669</u>	<u>138,289,669</u>	<u>74,113,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing costs, net of amortization	-	-	455,014
Pension items	852,800	852,800	103,556
Total deferred outflows of resources	<u>852,800</u>	<u>852,800</u>	<u>558,570</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,539,773	1,539,773	3,549,060
Cash held in trust for others	321,149	321,149	-
Refundable advances	4,908	4,908	-
Noncurrent liabilities			
Due within one year	1,246,981	1,246,981	1,361,600
Due in more than one year	495,958	495,958	9,796,796
Net pension liability	3,691,461	3,691,461	627,108
Total liabilities	<u>7,300,230</u>	<u>7,300,230</u>	<u>15,334,564</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	22,003,371	22,003,371	837,962
Total deferred inflows of resources	<u>22,003,371</u>	<u>22,003,371</u>	<u>837,962</u>
NET POSITION			
Net investment in capital assets	43,921,906	43,921,906	30,353,069
Restricted for			
State statutes (W.S. 24-2-110)	2,236,185	2,236,185	-
Grantors/donors	704,101	704,101	433,481
Voters	15,350,757	15,350,757	-
Restricted, nonexpendable	-	-	393,076
Unrestricted	47,625,919	47,625,919	27,319,586
Total net position	<u>\$ 109,838,868</u>	<u>\$ 109,838,868</u>	<u>\$ 58,499,212</u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 7,690,663	\$ 836,037	\$ 318,130	\$ 42,415
Public safety	4,689,116	41,722	199,742	325,424
Public works	3,492,348	-	408,638	362,381
Health, welfare, and recreation	321,139	83,635	164,081	-
Conservation of natural resources	303,931	-	-	-
Interest on long-term debt	11,666	-	-	-
Total governmental activities	<u>16,508,863</u>	<u>961,394</u>	<u>1,090,591</u>	<u>730,220</u>
Total primary government	<u>\$ 16,508,863</u>	<u>\$ 961,394</u>	<u>\$ 1,090,591</u>	<u>\$ 730,220</u>
Component units	<u>\$ 60,336,340</u>	<u>\$ 56,584,544</u>	<u>\$ 216,507</u>	<u>\$ 376,494</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, as previously reported
 Prior period adjustment
 Net position, beginning of year, as restated
 Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units Totals
Governmental Activities	Total	
\$ (6,494,081)	\$ (6,494,081)	\$ -
(4,122,228)	(4,122,228)	-
(2,721,329)	(2,721,329)	-
(73,423)	(73,423)	-
(303,931)	(303,931)	-
(11,666)	(11,666)	-
<u>(13,726,658)</u>	<u>(13,726,658)</u>	<u>-</u>
<u>(13,726,658)</u>	<u>(13,726,658)</u>	<u>-</u>
-	-	(3,158,795)
14,578,814	14,578,814	3,501,062
23,599,201	23,599,201	-
7,641,220	7,641,220	-
426,493	426,493	-
-	-	3,786
623,408	623,408	-
208,484	208,484	154,495
28,189	28,189	42,633
<u>47,105,809</u>	<u>47,105,809</u>	<u>3,701,976</u>
<u>33,379,151</u>	<u>33,379,151</u>	<u>543,181</u>
78,949,733	78,949,733	58,253,962
(2,490,016)	(2,490,016)	(297,931)
<u>76,459,717</u>	<u>76,459,717</u>	<u>57,956,031</u>
<u>\$ 109,838,868</u>	<u>\$ 109,838,868</u>	<u>\$ 58,499,212</u>

CONVERSE COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2015

	General Fund	County Roads Fund	Special Purpose Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 15,791,894	\$ 19,460,927	\$ 6,558,835	\$ 769,130	\$ 42,580,786
Investments	13,440,650	1,787,961	7,419,904	-	22,648,515
Property taxes receivable	22,059,115	-	-	2,075	22,061,190
Accounts receivable	-	-	-	17,229	17,229
Due from other governments	2,049,441	41,306	1,611,630	87,391	3,789,768
Due from other funds	21,366	-	47,425	1,164	69,955
Restricted cash	321,149	-	-	-	321,149
Note receivable	20,641	-	-	-	20,641
Total assets	\$ 53,704,256	\$ 21,290,194	\$ 15,637,794	\$ 876,989	\$ 91,509,233
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 902,655	\$ 339,618	\$ 287,037	\$ 10,463	\$ 1,539,773
Due to other funds	49,345	13,473	-	7,137	69,955
Cash held in trust for others	321,149	-	-	-	321,149
Refundable advances	-	-	-	4,908	4,908
Total liabilities	1,273,149	353,091	287,037	22,508	1,935,785
Deferred inflows of resources					
Deferred property tax revenue	22,029,434	-	-	1,375	22,030,809
Deferred wind tax revenue	540,000	-	-	-	540,000
Total deferred inflows of resources	22,569,434	-	-	1,375	22,570,809
Fund Balances					
Restricted					
Special revenue funds	-	-	-	704,101	704,101
County road construction	-	2,236,185	-	-	2,236,185
Special purpose tax	-	-	15,350,757	-	15,350,757
Committed					
Economic development	230,735	-	-	-	230,735
Special revenue funds	-	-	-	-	-
County road construction	-	18,700,918	-	-	18,700,918
Assigned	18,557,534	-	-	85,478	18,643,012
Unassigned	11,073,404	-	-	63,527	11,136,931
Total fund balances	29,861,673	20,937,103	15,350,757	853,106	67,002,639
Total liabilities, deferred inflows of resources and fund balances	\$ 53,704,256	\$ 21,290,194	\$ 15,637,794	\$ 876,989	\$ 91,509,233

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, 2015

Total fund balances - governmental funds		\$ 67,002,639
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.		
		45,159,916
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 and wind tax revenue		567,436
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.		
		1,500,477
Deferred outflows are not available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.		
Pension plan contributions subsequent to measurement date		423,084
Difference in investment returns - pensions		429,716
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	\$ (53,977)	
Retainage	(941,845)	
Capital leases	(296,165)	
Compensated absences	(260,952)	
Net pension liability	(3,691,461)	(5,244,400)
Net position of governmental activities		\$ 109,838,868

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, 2015

	General Fund	County Roads Fund	Special Purpose Tax Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues					
Taxes	\$ 29,401,199	454,823	\$ 15,532,362	\$ 511,556	\$ 45,899,940
Licenses and permits	862,808	-	-	-	862,808
Intergovernmental revenues	2,048,750	339,205	-	478,181	2,866,136
Charges for services	5,000	-	-	83,635	88,635
Investment income	134,514	46,760	20,791	1,532	203,597
Miscellaneous	24,693	-	-	18,502	43,195
Total revenues	<u>32,476,964</u>	<u>840,788</u>	<u>15,553,153</u>	<u>1,093,406</u>	<u>49,964,311</u>
Expenditures					
Current					
General government	8,814,679	-	-	152,121	8,966,800
Public safety	4,507,593	-	-	174,042	4,681,635
Public works	3,757,882	-	-	102,545	3,860,427
Health, welfare and recreation	-	-	-	314,131	314,131
Conservation of natural resources	120,262	-	-	169,062	289,324
Debt Service					
Principal	68,392	-	-	-	68,392
Interest	11,666	-	-	-	11,666
Capital outlay	1,394,428	5,436,811	11,134,691	-	17,965,930
Total expenditures	<u>18,674,902</u>	<u>5,436,811</u>	<u>11,134,691</u>	<u>911,901</u>	<u>36,158,305</u>
Excess (deficiency) of revenues over expenditures	<u>13,802,062</u>	<u>(4,596,023)</u>	<u>4,418,462</u>	<u>181,505</u>	<u>13,806,006</u>
Other financing sources (uses)					
Transfers in	-	10,163,561	-	28,976	10,192,537
Transfers out	<u>(10,140,976)</u>	<u>-</u>	<u>-</u>	<u>(51,561)</u>	<u>(10,192,537)</u>
Total other financing sources (uses)	<u>(10,140,976)</u>	<u>10,163,561</u>	<u>-</u>	<u>(22,585)</u>	<u>-</u>
Net changes in fund balances	3,661,086	5,567,538	4,418,462	158,920	13,806,006
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 29,861,673</u>	<u>\$ 20,937,103</u>	<u>\$ 15,350,757</u>	<u>\$ 853,106</u>	<u>\$ 67,002,639</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, 2015

Net change in fund balances - total governmental funds \$ 13,806,006

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	\$ 23,124,671	
Loss on disposal of assets	(182,427)	
Depreciation expense for the year	<u>(2,848,256)</u>	20,093,988

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

Deferred outflows - pension contributions and differences in investment returns - prior year	(470,877)	
Deferred outflows - pension contributions and differences in investment returns - current year	<u>852,800</u>	381,923

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on changes in net 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	135,182	
Current year property tax debt related to change in valuation	(53,977)	
Prior year retainage payable	367,664	
Current year retainage payable	(941,845)	
Prior year liability for capital leases	364,557	
Current year liability for capital leases	(296,165)	
Prior year liability for compensated absences	223,169	
Current year liability for compensated absences	(260,952)	
Net pension liability - prior year	2,940,891	
Net pension liability - current year	<u>(3,691,461)</u>	(1,212,937)

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 452,081

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

Wind production tax prior year	(540,000)	
Wind production tax current year	560,000	
Deferred property tax revenue prior year	(729,348)	
Deferred property tax revenue current year	<u>567,438</u>	<u>(141,910)</u>

Change in net position of governmental activities \$ 33,379,151

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2015

	Governmental Activity Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 632,546
Investments	606,626
Reinsurance receivable	427,290
Prepaid expense	24,015
Total assets	<u>1,690,477</u>
LIABILITIES	
Claims payable	<u>190,000</u>
Total liabilities	<u>190,000</u>
NET POSITION	
Unrestricted	1,500,477
Total net position	<u>\$ 1,500,477</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, 2015

	Governmental Activity Internal Service Fund
Operating revenues	
Charges for premiums	\$ 1,574,668
Total operating revenues	<u>1,574,668</u>
Operating expenses	
Medical costs	892,450
Stop loss insurance	235,024
Total operating expenses	<u>1,127,474</u>
Operating income	<u>447,194</u>
Nonoperating revenue	
Interest income	4,887
Total nonoperating revenue	<u>4,887</u>
Change in net position	452,081
Net position, beginning of year	<u>1,048,396</u>
Net position, end of year	<u><u>\$ 1,500,477</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2015

	Governmental Activity Internal Service Fund
Cash flows from operating activities	
Receipts from other funds	\$ 1,574,668
Receipts from reinsurance	843,693
Payments to third party administrator for medical costs	(2,353,264)
Net cash provided by operating activities	65,097
Cash flows from investing activities	
Interest received	4,887
Purchase of investments	(3,573)
Net cash provided by investing activities	1,314
Net increase in cash and cash equivalents	66,411
Cash and cash equivalents, beginning of year	566,135
Cash and cash equivalents, end of year	\$ 632,546
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 447,194
Adjustments to reconcile operating income to cash provided by operating activities	
Increase (decrease) in cash and cash equivalents resulting from	
Reinsurance receivable	(427,290)
Prepaid expense	(1,335)
Accounts payable	(28,472)
Claims payable	75,000
Net cash provided by operating activities	\$ 65,097

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2015

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,526,890
Property taxes receivable	296,377
Due from other governments	<u>99,716</u>
Total assets	<u><u>\$ 1,922,983</u></u>
LIABILITIES	
Due to component units	\$ 54,544
Due to other governments	1,572,062
Deferred revenue	<u>296,377</u>
Total liabilities	<u><u>\$ 1,922,983</u></u>

See accompanying notes to the financial statements

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2015

	County Airport	County Hospital	Weed & Pest Control District
ASSETS			
Cash and cash equivalents	\$ 451,568	\$ 4,189,808	\$ 2,726,417
Investments	639,018	38,774	-
Assets limited as to use	30,000	8,512,413	-
Property taxes receivable	1,477	17,047	843,108
Accounts receivable, net	-	10,447,664	102,276
Due from other governments	124,030	-	-
Due from primary government	-	-	-
Other current assets	1,683	839,488	10,132
Inventory	-	1,012,335	475,236
Investment in limited liability companies	-	268,768	-
Investment in real estate	-	1,999,521	-
Restricted investments	-	-	-
Beneficial interest in assets held by others	-	-	-
Capital assets not being depreciated	3,058,672	1,807,713	12,000
Capital assets being depreciated, net of accumulated depreciation	6,091,854	28,174,719	312,441
Total assets	<u>10,398,302</u>	<u>57,308,250</u>	<u>4,481,610</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing costs, net of amortization	-	455,014	-
Pension items	-	-	30,383
Total deferred outflows of resources	<u>-</u>	<u>455,014</u>	<u>30,383</u>
LIABILITIES			
Accounts payable and accrued liabilities	59,091	3,182,589	265,263
Noncurrent liabilities			
Due within one year	-	1,355,467	-
Due in more than one year	-	9,743,525	26,578
Net pension liability	-	-	159,895
Total liabilities	<u>59,091</u>	<u>14,281,581</u>	<u>451,736</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	-	-	837,962
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>837,962</u>
NET POSITION			
Net investment in capital assets	9,102,766	20,425,930	324,441
Restricted by grantors/donors	30,000	-	403,481
Permanently restricted, nonexpendable	-	-	-
Unrestricted	1,206,445	23,055,753	2,494,373
Total net position	<u>\$ 10,339,211</u>	<u>\$ 43,481,683</u>	<u>\$ 3,222,295</u>

See accompanying notes to the financial statements

	County Library	Total
\$	916,760	\$ 8,284,553
	83,705	761,497
	-	8,542,413
	4,664	866,296
	22,296	10,572,236
	-	124,030
	16,111	16,111
	-	851,303
	-	1,487,571
	-	268,768
	-	1,999,521
	146,290	146,290
	235,248	235,248
	100,600	4,978,985
	<u>399,332</u>	<u>34,978,346</u>
	<u>1,925,006</u>	<u>74,113,168</u>
	-	455,014
	<u>73,173</u>	<u>103,556</u>
	<u>73,173</u>	<u>558,570</u>
	42,117	3,549,060
	6,133	1,361,600
	26,693	9,796,796
	<u>467,213</u>	<u>627,108</u>
	<u>542,156</u>	<u>15,334,564</u>
	-	837,962
	<u>-</u>	<u>837,962</u>
	499,932	30,353,069
	-	433,481
	393,076	393,076
	<u>563,015</u>	<u>27,319,586</u>
\$	<u>1,456,023</u>	<u>\$ 58,499,212</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2015

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
County Airport	\$ 731,740	\$ 75,009	\$ -	\$ 177,817
County Hospital	56,813,431	56,002,696	201,911	198,677
Weed and Pest Control District	1,354,127	495,086	-	-
County Library	1,437,042	11,753	14,596	-
	<u>\$ 60,336,340</u>	<u>\$ 56,584,544</u>	<u>\$ 216,507</u>	<u>\$ 376,494</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,
as originally reported

Prior period adjustment

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

County Airport	County Hospital	Weed and Pest Control District	County Library	Totals
\$ (478,914)	\$ -	\$ -	\$ -	\$ (478,914)
-	(410,147)	-	-	(410,147)
-	-	(859,041)	-	(859,041)
-	-	-	(1,410,693)	(1,410,693)
<u>(478,914)</u>	<u>(410,147)</u>	<u>(859,041)</u>	<u>(1,410,693)</u>	<u>(3,158,795)</u>
144,151	1,610,766	892,586	853,559	3,501,062
-	-	-	3,786	3,786
7,401	136,057	20,042	(9,005)	154,495
4,863	18,944	18,075	751	42,633
<u>156,415</u>	<u>1,765,767</u>	<u>930,703</u>	<u>849,091</u>	<u>3,701,976</u>
<u>(322,499)</u>	<u>1,355,620</u>	<u>71,662</u>	<u>(561,602)</u>	<u>543,181</u>
10,661,710	42,126,063	3,271,497	2,194,692	58,253,962
-	-	(120,864)	(177,067)	(297,931)
<u>10,661,710</u>	<u>42,126,063</u>	<u>3,150,633</u>	<u>2,017,625</u>	<u>57,956,031</u>
<u>\$ 10,339,211</u>	<u>\$ 43,481,683</u>	<u>\$ 3,222,295</u>	<u>\$ 1,456,023</u>	<u>\$ 58,499,212</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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, 2015, the County allocated \$1,276,571 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, 2015

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 and Outflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Investments

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, 2015, the allowance for uncollectible accounts was approximately \$2,577,822. 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, 2015, was 28%, 5%, 6%, 21%, and 40% Medicare, Medicaid, other, insurance, and patients, respectively.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

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, 2015, the loans are reported net of an allowance for uncollectible debt in the approximate amount of \$198,000.

Assets Limited as to Use

Since Memorial Hospital of Converse County operates as an enterprise fund, certain debt 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. During the year ending June 30, 2015 Powder River Imaging, LLC was dissolved. 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.

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.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

Capital Assets

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

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 two items that qualify for reporting in this category. The pension plan items reported in the government-wide and proprietary fund statements of net position qualify in this category. The pension plan items are the result of differences between projected and actual earnings on pension plan items, as well as the County’s contributions subsequent to the measurement date used by the Wyoming Retirement System for the pension plan liability. Additionally, the Memorial Hospital of Converse County’s deferred charge on bond financing qualifies in this category, which is capitalized and amortized over the term of the related debt using the straight-line method.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS June 30, 2015

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

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

Pensions

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. The County’s property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but reported on the government-wide financial statements as revenues and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date. The County bills and collects its own property taxes and also taxed for all municipalities and political subdivisions within the County. Collection and remittance of these taxes for other taxing districts are accounted for in the respective agency 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, 2015, 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 91% of the County's total assessed property valuation. Eight of the ten taxpayers are involved in mineral extraction industry; one is a power producer and one railroad company. The County received approximately 26% 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.

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, 2015.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Compensated Absences

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

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form or legal restrictions. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commission, the highest level of authority, through approval of resolutions. Assigned fund balances express the intent of the County, as designated by the County Commission, to utilize the funds for specific purpose. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

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, 2015, Memorial Hospital of Converse County's gross patient service revenue was \$73,544,959 which was adjusted for contractual discounts of \$18,310,602 and charity care of \$684,135 resulting in net patient service revenue of \$54,550,222.

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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for 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, 2015 to increase expenditures in the following funds and departments:

General Fund	
County surveyor	\$ 5,816
County coroner	522
County jail	81,391
	<hr/>
	\$ 87,729
	<hr/> <hr/>

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, 2015, 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, 2015, 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 2. Deposits and Investments (Continued)

Investments

As of June 30, 2015, the primary government of the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Rating</u>
State Treasurer's Investment Pools						
WYO-STAR	\$ 407,356	2.41%	\$ 407,356	\$ -	\$ -	Not rated
WGIF	10,163,240	N/A	10,163,240	-	-	AAAm
Money Market	46,387		46,387			
Certificates of Deposit	9,155,727	0.28% - 1%	7,839,036	1,316,691	-	N/A
Governmental Securities						
FNMA Notes	1,047,230	0.80% - .99%	1,047,230	-	-	AA+
FHLB	1,099,899	0.90% - 1.49%	1,099,899	-	-	AA+
FHLMC Note	1,335,300	1.00% - 5.41%	300,510	-	1,034,790	AA+
Total	<u>\$ 23,255,139</u>		<u>\$ 20,903,658</u>	<u>\$ 1,316,691</u>	<u>\$ 1,034,790</u>	

As of June 30, 2015, the component units of the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Rating</u>
Certificates of Deposit	<u>\$ 9,437,787</u>	.70% - 1.85%	<u>\$ 899,013</u>	<u>\$ -</u>	<u>\$ 8,538,774</u>	N/A

These investments are reported under the caption investments in the statement of net position. The Memorial Hospital of Converse County has certificates of deposit, as well as \$12,413 cash reported under the caption current portion of assets limited as to use.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments (Continued)

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.

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. Amounts held at WGIF are invested in Liquid Asset Series and are rated AAAM by Standard and Poor'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, 2015, the County had 39% of its investments in Certificates of Deposit of which 80% are held at one bank, 44% in WGIF, and 15% in 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 WGIF and securities held by securities brokers or other banks. Management believes the stability and reputation of WGIF and these securities brokers and banks serve to limit its custodial credit risk.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2015 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 21,366	\$ 49,345
County Roads Fund	-	13,473
Special Purpose Tax Fund	47,425	-
Non Major Funds		
TANF Grant	1,164	102
Other Grants	-	1,164
Best Beginnings	-	5,871
	<u>\$ 69,955</u>	<u>\$ 69,955</u>

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	\$ -	\$ 10,140,976
County Road Fund	10,163,561	-
Non major funds		
Other Grants	28,976	-
Impact Assistance	-	51,561
	<u>\$ 10,192,537</u>	<u>\$ 10,192,537</u>

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

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 \$6,146 during the year ended June 30, 2015. 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 \$235,248 as of June 30, 2015.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,972,748	\$ -	\$ 301,789	\$ 1,670,959
Construction in progress	7,053,933	20,971,076	4,264,030	23,760,979
Total capital assets, not being depreciated	<u>9,026,681</u>	<u>20,971,076</u>	<u>4,565,819</u>	<u>25,431,938</u>
Capital assets being depreciated				
Infrastructure	44,345,026	4,549,328	-	48,894,354
Buildings and building improvements	6,129,932	544,551	47,435	6,627,048
Machinery, equipment, and office fixtures	10,154,485	1,625,535	1,230,165	10,549,855
Total capital assets being depreciated	<u>60,629,443</u>	<u>6,719,414</u>	<u>1,277,600</u>	<u>66,071,257</u>
Less accumulated depreciation for				
Infrastructure	34,882,007	1,791,139	-	36,673,146
Buildings and building improvements	3,795,518	123,333	-	3,918,851
Machinery, equipment, and office fixtures	5,912,671	933,784	1,095,173	5,751,282
Total accumulated depreciation	<u>44,590,196</u>	<u>2,848,256</u>	<u>1,095,173</u>	<u>46,343,279</u>
Total capital assets, being depreciated, net	<u>16,039,247</u>	<u>3,871,158</u>	<u>182,427</u>	<u>19,727,978</u>
Governmental activities, capital assets, net	<u>\$ 25,065,928</u>	<u>\$ 24,842,234</u>	<u>\$4,748,246</u>	<u>\$ 45,159,916</u>

Approximately \$270,575 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$16,867 is included in the depreciation expense. Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 208,536
Public safety	278,113
Public works	2,339,048
Health and welfare	3,398
Conservation of natural resources	19,161
	<u>2,848,256</u>
Total depreciation expense - governmental activities	<u>\$ 2,848,256</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for the Converse County Airport for the year ended June 30, 2015:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,741,061	\$ -	\$ -	\$ 2,741,061
Construction in progress	191,725	152,775	26,889	317,611
Total capital assets not being depreciated	<u>2,932,786</u>	<u>152,775</u>	<u>26,889</u>	<u>3,058,672</u>
Capital assets being depreciated				
Improvements other than buildings	14,219,929	-	6,592	14,213,337
Buildings, building improvements and runways	516,386	26,889	9,443	533,832
Machinery, equipment and office fixtures	<u>173,972</u>	<u>-</u>	<u>42,219</u>	<u>131,753</u>
Total capital assets being depreciated	<u>14,910,287</u>	<u>26,889</u>	<u>58,254</u>	<u>14,878,922</u>
Less accumulated depreciation	<u>8,329,247</u>	<u>516,075</u>	<u>58,254</u>	<u>8,787,068</u>
Total capital assets, being depreciated, net	<u>6,581,040</u>	<u>(489,186)</u>	<u>-</u>	<u>6,091,854</u>
Capital assets, net	<u>\$ 9,513,826</u>	<u>\$ (336,411)</u>	<u>\$ 26,889</u>	<u>\$ 9,150,526</u>

Capital asset activity for the Memorial Hospital of Converse County for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 1,112,956	\$ -	\$ -	\$ 1,112,956
Construction in progress	7,498,094	637,261	7,440,598	694,757
Total capital assets, not being depreciated	<u>8,611,050</u>	<u>637,261</u>	<u>7,440,598</u>	<u>1,807,713</u>
Capital assets being depreciated				
Improvements other than buildings	77,469	-	-	77,469
Building	24,681,321	7,674,741	-	32,356,062
Equipment	<u>26,115,366</u>	<u>2,065,200</u>	<u>52,180</u>	<u>28,128,386</u>
Total capital assets being depreciated, net	<u>50,874,156</u>	<u>9,739,941</u>	<u>52,180</u>	<u>60,561,917</u>
Less accumulated depreciation	<u>28,016,698</u>	<u>4,409,940</u>	<u>39,440</u>	<u>32,387,198</u>
Total capital assets, being depreciated, net	<u>22,857,458</u>	<u>5,330,001</u>	<u>12,740</u>	<u>28,174,719</u>
Capital assets, net	<u>\$ 31,468,508</u>	<u>\$ 5,967,262</u>	<u>\$ 7,453,338</u>	<u>\$ 29,982,432</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015, 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	315,941	4,857	-	320,798
Machinery, equipment and office fixtures	286,473	40,869	30,021	297,321
Total capital assets, being depreciated, net	602,414	45,726	30,021	618,119
Less accumulated depreciation	281,707	39,053	15,082	305,678
Total capital assets, being depreciated, net	320,707	6,673	14,939	312,441
Capital assets, net	<u>\$ 332,707</u>	<u>\$ 6,673</u>	<u>\$ 14,939</u>	<u>\$ 324,441</u>

Capital asset activity for the Converse County Library for the year ended June 30, 2015, 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	-	234,977	386,817
Machinery, equipment and office fixtures	203,280	30,846	26,195	207,931
Collection	334,269	2,138	6,586	329,821
Total capital assets being depreciated	1,159,343	32,984	267,758	924,569
Less accumulated depreciation	607,717	95,345	177,825	525,237
Total capital assets being depreciated, net	551,626	(62,361)	89,933	399,332
Capital assets, net	<u>\$ 652,226</u>	<u>\$ (62,361)</u>	<u>\$ 89,933</u>	<u>\$ 499,932</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 \$22,003,370 at June 30, 2015. 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, 2015:

	Restated Balance June 30, 2014	New Debt Incurred	Debt Retired	Balance June 30, 2015	Due Within One Year
Primary Government					
Governmental activities					
Property tax repayment	\$ 135,182	\$ -	\$ 81,205	\$ 53,977	\$ 35,395
Retainage	367,664	941,844	367,663	941,845	941,844
Capital leases	364,557	-	68,392	296,165	70,580
Incurred but not reported					
claims payable	115,000	190,000	115,000	190,000	190,000
Compensated absences	223,169	37,783	-	260,952	9,162
	<u>1,205,572</u>	<u>1,169,627</u>	<u>632,260</u>	<u>1,742,939</u>	<u>1,246,981</u>
Net pension liability	<u>2,940,891</u>	<u>750,570</u>	<u>-</u>	<u>3,691,461</u>	<u>-</u>
	<u>\$ 4,146,463</u>	<u>\$ 1,920,197</u>	<u>\$ 632,260</u>	<u>\$ 5,434,400</u>	<u>\$ 1,246,981</u>
Component Units					
Revenue bonds	\$ 6,545,000	\$ -	\$ 6,545,000	\$ -	\$ -
Net bonds payable	<u>6,545,000</u>	<u>-</u>	<u>6,545,000</u>	<u>-</u>	<u>-</u>
Short-term notes	12,413	-	-	12,413	12,413
Notes payable	5,012,787	8,500,000	5,012,787	8,500,000	882,525
Capital leases	1,320,534	-	257,307	1,063,227	268,196
Compensated absences	1,465,387	205,900	88,531	1,582,756	198,466
	<u>14,356,121</u>	<u>8,705,900</u>	<u>11,903,625</u>	<u>11,158,396</u>	<u>1,361,600</u>
Net pension liability	<u>343,247</u>	<u>283,861</u>	<u>-</u>	<u>627,108</u>	<u>-</u>
	<u>\$ 14,699,368</u>	<u>\$ 8,989,761</u>	<u>\$ 11,903,625</u>	<u>\$ 11,785,504</u>	<u>\$ 1,361,600</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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Long-term Debt (Continued)

Property tax repayment (Continued)

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

As of June 30, 2015, the County was required to pay back \$449,809 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 \$53,977.

Year Ending June 30,	
2016	\$ 35,395
2017	11,859
2018	6,156
2019	567
	\$ 53,977

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.	\$ 155,112
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\$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.	141,053
	\$ 296,165

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2015 are as follows:

Year Ending June 30,	
2016	\$ 80,057
2017	80,057
2018	80,058
2019	80,059
Total minimum lease payments	320,231
Less: amount representing interest	24,066
Present value of minimum lease payments	\$ 296,165

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS June 30, 2015

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. These bonds were advanced refunded and paid off during June 30, 2015.

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. These bonds were advance refunded and paid off during June 30, 2015.

Advance Refunding – In 2015, Memorial Hospital of Converse County refunded \$6,545,000 of Memorial Hospital of Converse County Revenue Bonds. The refunded bonds are not included in the Hospital's outstanding debt since the Hospital has in-substance satisfied its obligation through advance funding. Although the advanced refunding resulted in recognition of an accounting loss of \$455,014, the Hospital will recognize a net present value savings of \$499,808. The loss is being amortized over the life of the note payable using the effective interest method. The Hospital borrowed \$8,500,000 in order to complete construction of the new medical office building and performed the noted refunding of bonds. The note payable requires annual payments of \$1,000,000 with interest at 2.85% and matures on July 1, 2014. The Hospital has pledged \$8,500,000 in certificates of deposit as collateral on the notes payable.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Long-term Debt (Continued)

Component Units (Continued)

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

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

Year ending June 30,	Principal	Interest	Total
2016	\$ 882,525	\$ 117,475	\$ 1,000,000
2017	782,307	217,693	1,000,000
2018	805,198	194,802	1,000,000
2019	828,146	171,854	1,000,000
2020	851,748	148,252	1,000,000
2021-2025	4,350,076	363,436	4,713,512
	<u>\$ 8,500,000</u>	<u>\$ 1,213,512</u>	<u>\$ 9,713,512</u>

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

Memorial Hospital of Converse County leases certain equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The 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 \$328,823 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, 2015:

Year Ending June 30,	
2016	\$ 294,957
2017	294,957
2018	294,957
2019	245,799
Total minimum lease payments	<u>1,130,670</u>
Less: amount representing interest	74,121
Present value of minimum lease payments	<u>\$ 1,056,549</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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. \$ 3,283

\$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. 3,396

\$ 6,679

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2015 are as follows:

	Year Ending June 30,	
	2016	6,602
	2017	551
Total minimum lease payments		7,153
Less: amount representing interest		474
Present value of minimum lease payments		\$ 6,679

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, 2015, was \$1,104,448.

Note 7. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

Beginning July 1, 2011, all employees of the General County were eligible to participate in the Wyoming Retirement System. The Converse County Library's and the Converse County Weed and Pest Control District's full-time employees also participate in the Wyoming Retirement System. The Converse County Airport Board employees will begin participating in the Wyoming Retirement System effective June 30, 2015. 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 for each plan. The report may be obtained from Wyoming Retirement System website at <http://retirement.state.wy.us>.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

Pension Plans

All eligible County employees are covered under the following retirement plans:

Public Employees' Pension Plan

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all Board full-time employees are eligible to participate. The PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

PEPP members are required to contribute 8.25% of their annual covered salary and the Board is required to contribute 7.62% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 100% of the required contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the PEPP for the years ended June 30, 2015, 2014 and 2013 were \$536,609, \$492,532, and \$456,470, equal to the required contributions for each year.

The County's component units, Weed and Pest and the Library currently pay all of the required employee's contribution. The Weed and Pest contributions to PEPP for the years ended June 30, 2015, 2014, and 2013 were \$25,505, \$22,264, \$20,453, equal to the required contributions for the year. The Library's contributions to PEPP for the years ended June 30, 2015, 2014, and 2013 were \$71,078, \$66,696, \$3,539 equal to the required contributions for the year.

July 1, 2015, the employer contribution rate will increase by 0.75% from 7.62% to 8.37%. During the fiscal year ended June 30, 2015, the County Airport board approved enrollment of all permanent County Airport employees in the Wyoming Retirement System's PEPP plan effective July 1, 2015.

Law Enforcement Pension Plan

The County also participates in the Law Enforcement Pension Plan. Law Enforcement Pension Plan members are required to contribute 8.60% of their annual covered salary and the County is required to contribute 8.60% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contributions. The county currently pays 100% of the required contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the Law Enforcement Pension Plan for the years ended June 30, 2015, 2014, and 2013 were \$357,763, \$366,746, \$357,375, equal to the required contributions for each year.

Pension Plan Fiduciary Net Position

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

At June 30, 2015, the County reported a total liability of \$3,691,461 for its proportionate share of the net pension liability. The County's component units: Library and Weed and Pest reported: \$467,216 and \$159,895, respectively, for their proportionate share on the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2014. The County's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At December 31, 2014, the County's liability as well as their proportion and increase from its proportion measured at December 31, 2013 was as follows for each plan in which the Board participates:

	Pension liability at December 31, 2014	Proportion at December 31, 2014	Increase (decrease) from December 31, 2013
County			
Public Employees' Pension Plan	<u>\$ 3,285,484</u>	0.186178840%	0.008732257%
County - Sheriff			
Law Enforcement Pension Plan	<u>\$ 405,977</u>	1.377891923%	0.047106869%
Library			
Public Employees' Pension Plan	<u>\$ 467,213</u>	0.026475595%	0.012595299%
Weed and Pest			
Public Employees' Pension Plan	<u>\$ 159,895</u>	0.009060781%	0.000364972%

For the year ended June 30, 2015, the County and its component units the Library and the Weed and Pest recognized pension expense of \$1,175,673, \$288,050, \$8,648, respectively. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Units		
	County	Library	Weed and Pest
Net difference between projected and actual earnings on pension plan investments	\$ 429,716	\$ 38,307	\$ 17,549
Contributions subsequent to the measurement date	<u>423,084</u>	<u>34,866</u>	<u>12,834</u>
Total	<u>\$ 852,800</u>	<u>\$ 73,173</u>	<u>\$ 30,383</u>

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

The County and its component units Library and Weed and Pest reported \$423,084, \$34,866, and \$12,834, respectively, as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Component Units		
	County	Library	Weed and Pest
2016	\$ 107,429	\$ 9,577	\$ 4,387
2017	107,429	9,577	4,387
2018	107,429	9,577	4,387
2019	107,429	9,576	4,388
	\$ 429,716	\$ 38,307	\$ 17,549

Actuarial Assumptions

The total pension liability in the December 31, 2014 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation Date	1/1/2014
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent or level dollar open
Remaining amortization period	30 years
Asset valuation method	5-year
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases (includes)	4.25% to 8.00%
Assumed inflation rate	3.25%
Mortality	RP-2000 Combined Mortality Table, fully generational, projected with Scale BB

The current actuarial assumptions and methods used in the January 1, 2014 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

For each major asset class that is included in the pension plans' target allocation as of January 1, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed income	15.00%	0.98%
Equity	55.00%	6.66%
Marketable alternatives	15.50%	4.19%
Private markets	12.00%	7.13%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 5,134,214	\$ 3,285,484	\$ 1,732,976
Law Enforcement Pension Plan	1,417,546	405,977	(428,804)
Component Units			
Library	730,112	467,213	246,438
Weed and Pest	249,867	159,895	84,339

Payables to the pension plan – At June 30, 2015, the County and its component units did not have any payables to the pension plans.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

Prior Period Adjustment

As part of implementing the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, the Board adjusted its statements of net position for the portion of the pension liability attributable to periods before the year ended June 30, 2014. The table below illustrates the deferred outflows, net pension liability, and net position as originally stated and restated:

	June 30, 2014	Adjustment	June 30, 2014 as restated
County - governmental activities			
Deferred outflows	\$ -	\$ 450,875	\$ 450,875
Net pension liability	\$ -	\$ 2,940,891	\$ 2,940,891
Net position	\$ 78,949,733	\$ (2,490,016)	\$ 76,459,717
Component Units			
Library			
Deferred outflows	\$ -	\$ 33,969	\$ 33,969
Net pension liability	\$ -	\$ 211,036	\$ 211,036
Net position	\$ 1,670,124	\$ (177,067)	\$ 1,493,057
Weed and Pest			
Deferred outflows	\$ -	\$ 11,347	\$ 11,347
Net pension liability	\$ -	\$ 132,211	\$ 132,211
Net position	\$ 3,271,497	\$ (120,864)	\$ 3,150,633

Retirement Plan – Memorial Hospital of Converse County

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 \$73,540 to be contributed to the Plan no later than 15th day of the 10th 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.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

Weed and Pest Control District also offers its employees a deferred compensation plan under the provisions of Internal Revenue Code Section 457. Employees are eligible to participate upon start of employment. Participants can make pre-tax or after-tax contributions up to limits set by the IRS at their discretion and are always 100% vested in their account. Weed and Pest Control District can match employee contributions at their discretion. No employer matching contributions were made in 2015.

Note 9. County Fund Balance

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

Building/maintenance reserve	\$ 13,654,725
Equipment reserve	3,304,871
Salary reserve	1,514,126
Loans reserve	83,812
	<u>\$ 18,557,534</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, the Douglas campus of Eastern Wyoming Community College, and for the Lower Level public safety site. As of June 30, 2015, the County had approximately \$18,000,000 in construction in progress and \$9,500,000 in remaining contract commitments related to these projects. In addition, as of June 30, 2015, the County had approximately \$5,800,000 in construction in progress related to several road construction projects and \$3,000,000 in remaining contract commitments related to those projects.

The County Airport is in the process of reconstruction and rehabilitation of the portions of the GA Apron and northerly Apron Edge Taxiway. The County Airport has approximately \$2,040,000 in signed contracts relating to this project. Funding of this project is anticipated to include a combination of state and federal grants as well as the County Airport's tax and other revenues.

County Hospital has a pending claim filed against the County Hospital by the family of a non-compliant patient who was found in his room having fallen out of bed and deceased. The claim has been turned over to the insurance carrier. The amount of damages if any is undeterminable at this time, but is not anticipated to exceed insurance coverage.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 \$58,273.

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 \$50,467.

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 2015 was approximately \$116,000.

Wyoming Statute §27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2015 and 2014 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2015	2014
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	26,259	33,046
Claims paid	(26,259)	(33,046)
Unpaid claims, end of year	\$ -	\$ -

The County also provides its employees' health care benefits through a self-insured program for primary government and component unit employees excluding Memorial Hospital of Converse County. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$45,000 per year. The maximum specific reimbursement per person is \$1,960,000 per policy period.

Premiums paid for stop-loss insurance were approximately \$235,000. 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, 2015

Note 11. Risk Management Programs (Continued)

Changes in the County's health care risk management liability during the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Health care risk management liability, beginning of year	\$ 115,000	\$ 180,000
Claims incurred	841,011	944,729
Claims paid	(766,011)	(1,009,729)
Health care risk management liability, end of year	<u>\$ 190,000</u>	<u>\$ 115,000</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, 2015.

Memorial Hospital of Converse County provided its employees' health care benefits through a self-insured program administered by Meritain Health. During the fiscal year ended June 30, 2015, the total claims and administrative fees were \$3,023,265 and the estimate of incurred but not reported claims was \$259,150.

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, 2015 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, 2015, Memorial Hospital of Converse County paid Big Country Rehabilitation LLC approximately \$376,379 for professional services rendered. Included in accounts payable is \$29,022 for services performed in June 2015. Big Country Rehabilitation LLC paid the Hospital \$9,000 in management fees.

CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 13. Deficit Fund Balances

The County's Other Grants, HAHR, and WIC funds had deficit fund balances at June 30, 2015. As of June 30, 2015, 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, 2015, the Governmental Accounting Standards Board had issued the following standards which the County will implement in its next fiscal year.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

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

Note 15. Subsequent Events

In September 2015, the County approved a grant agreement with the State of Wyoming, State Loan and Investment Board for Countywide Consensus Project, Joint Dispatch/Justice Center for \$1,287,223.

In October 2015, the County approved an agreement with the Wyoming Department of Transportation for construction on Brownfield Road and Robin Lane for \$1,443,100.

In January 2016, the County approved an agreement with Hedquist Construction for construction on Irvine Road for \$4,141,926.

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, 2015

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Tax - property	\$ 14,634,938	\$ 14,634,938	\$ 15,112,114	\$ 477,176
Tax - other	10,610,958	10,610,958	14,765,630	4,154,672
Intergovernmental revenues	779,500	779,500	579,516	(199,984)
Charges for services	422,350	422,350	906,941	484,591
Investment income	74,000	74,000	97,710	23,710
Economic development	9,977	9,977	4,224	(5,753)
Miscellaneous revenues	3,019,000	3,019,000	1,153,778	(1,865,222)
Total revenues	<u>29,550,723</u>	<u>29,550,723</u>	<u>32,619,913</u>	<u>3,069,190</u>
Expenditures				
Current				
County Commissioners	372,027	372,027	316,587	55,440
County Clerk	561,304	561,304	499,558	61,746
County Treasurer	512,453	512,453	503,486	8,967
County Assessor	872,160	872,160	795,116	77,044
County Sheriff	2,566,297	2,566,297	2,504,667	61,630
County Attorney	1,086,114	1,086,114	1,044,063	42,051
Courthouse	577,877	577,877	518,734	59,143
Surveyor	25,000	30,816	30,816	-
Coroner	63,698	64,220	64,219	1
Conservation of natural resources	139,297	139,297	127,623	11,674
Clerk of District Court	450,744	450,744	441,624	9,120
IT	102,568	102,568	91,916	10,652
County jail	1,764,921	1,846,312	1,846,311	1
Road and bridge	4,041,166	4,041,166	3,869,867	171,299
Elections	257,935	257,935	173,773	84,162
Emergency management	184,347	184,347	172,916	11,431
Special projects	55,542	55,542	48,811	6,731
Total County departments	<u>13,633,450</u>	<u>13,721,179</u>	<u>13,050,087</u>	<u>671,092</u>

(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, 2015

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General accounts	\$ 15,642,679	\$ 15,642,679	\$ 15,329,460	\$ 313,219
Depreciation reserve	1,686,891	1,686,891	1,385,929	300,962
Community aid	594,500	594,500	495,660	98,840
Fire suppression	1,276,571	1,276,571	1,276,571	-
Building and maintenance reserve	8,995,770	8,995,770	1,107,426	7,888,344
Economic development	230,000	230,000	-	230,000
Equipment reserves	2,350,000	2,350,000	-	2,350,000
Total expenditures	<u>45,409,861</u>	<u>45,497,590</u>	<u>32,645,133</u>	<u>12,852,457</u>
Excess of revenues over expenditures	<u>(15,859,138)</u>	<u>(15,946,867)</u>	<u>(25,220)</u>	<u>15,921,647</u>
Other financing uses				
Transfers out	<u>4,345,770</u>	<u>4,345,770</u>	<u>4,563,152</u>	<u>217,382</u>
Total other financing uses	<u>4,345,770</u>	<u>4,345,770</u>	<u>4,563,152</u>	<u>217,382</u>
Net change in fund balance	<u>(11,513,368)</u>	<u>(11,601,097)</u>	<u>4,537,932</u>	<u>\$ 16,139,029</u>
Fund balance, beginning of year	<u>29,615,615</u>	<u>29,615,615</u>	<u>29,615,615</u>	
Fund balance, end of year	<u>\$ 18,102,247</u>	<u>\$ 18,014,518</u>	<u>\$ 34,153,547</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, 2015

	Budget Amounts		Actual	Variance with Final Budget (Positive Negative)
	Original	Final		
Revenues				
Taxes	\$ 12,000,000	\$ 12,000,000	\$ 16,226,712	\$ 4,226,712
Investment income	-	-	6,492	6,492
	<u>12,000,000</u>	<u>12,000,000</u>	<u>16,233,204</u>	<u>4,233,204</u>
Expenditures				
Current				
General government	27,860,131	27,860,131	11,375,438	16,484,693
Total expenditures	<u>27,860,131</u>	<u>27,860,131</u>	<u>11,375,438</u>	<u>16,484,693</u>
Excess of revenues over expenditures	(15,860,131)	(15,860,131)	4,857,766	<u>\$ 20,717,897</u>
Fund balance, beginning of year	<u>9,151,494</u>	<u>9,151,494</u>	<u>9,151,494</u>	
Fund balance, end of year	<u>\$ (6,708,637)</u>	<u>\$ (6,708,637)</u>	<u>\$ 14,009,260</u>	

See accompanying note to required supplementary information

CONVERSE COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

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	\$ 29,401,199	\$ (120,953)	\$ (29,280,246)	\$ -
Tax - property	-	-	15,112,114	15,112,114
Tax - other	-	-	14,765,630	14,765,630
Licenses and permits	862,808	25,718	(888,526)	-
Intergovernmental	2,048,750	-	(1,469,234)	579,516
Charges for services	5,000	-	901,941	906,941
Investment income	134,514	(40,779)	3,975	97,710
Economic Development	-	-	4,224	4,224
Miscellaneous revenues	24,693	7,696	1,121,389	1,153,778
	<u>\$ 32,476,964</u>	<u>\$ (128,318)</u>	<u>\$ 271,267</u>	<u>\$ 32,619,913</u>
Expenditures				
General government	\$ 8,814,679	\$ 141,858	\$ (8,956,537)	\$ -
Public safety	4,507,593	(23,354)	(4,484,239)	-
Public works	3,757,882	(110,867)	(3,647,015)	-
Health, welfare and recreation	-	-	-	-
Conservation of natural resources	120,262	(6,039)	(114,223)	-
Economic development	-	-	-	-
Debt service - principal	68,392	(66,406)	(1,986)	-
Debt service - interest	11,666	(13,652)	1,986	-
Capital outlay	1,394,428	(1,025)	(1,393,403)	-
County Commissioners	-	-	316,587	316,587
County Clerk	-	-	499,558	499,558
County Treasurer	-	-	503,486	503,486
County Assessor	-	-	795,116	795,116
County Sheriff	-	-	2,504,667	2,504,667
County Attorney	-	-	1,044,063	1,044,063
Courthouse	-	-	518,734	518,734
Surveyor	-	-	30,816	30,816
Coroner	-	-	64,219	64,219
Conservation of natural resources	-	-	127,623	127,623
Clerk of District Court	-	-	441,624	441,624
IT	-	-	91,916	91,916
County jail	-	-	1,846,311	1,846,311
Road and bridge	-	-	3,869,867	3,869,867
Elections	-	-	173,773	173,773
Emergency management	-	-	172,916	172,916
Special projects	-	-	48,811	48,811
General accounts	-	-	15,329,460	15,329,460
Depreciation reserve	-	-	1,385,929	1,385,929
Community aid	-	-	495,660	495,660
Fire suppression	-	-	1,276,571	1,276,571
Building and maintenance reserve	-	-	1,107,426	1,107,426
	<u>\$ 18,674,902</u>	<u>\$ (79,485)</u>	<u>\$ 14,049,716</u>	<u>\$ 32,645,133</u>

CONVERSE COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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	\$ 15,532,362	\$ (176,089)	\$ 870,439	\$ 16,226,712
Investment income	20,791	(2,605)	(11,694)	6,492
	<u>\$ 15,553,153</u>	<u>\$ (178,694)</u>	<u>\$ 858,745</u>	<u>\$ 16,233,204</u>
Expenditures				
Capital outlay	\$ 11,134,691	\$ (413,792)	\$ 654,539	\$ 11,375,438
	<u>\$ 11,134,691</u>	<u>\$ (413,792)</u>	<u>\$ 654,539</u>	<u>\$ 11,375,438</u>

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CONVERSE COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

(Unaudited)

	2015	2014	2013
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.186178840%	*	*
Proportionate share of the net pension liability	\$ 3,285,484	*	*
Covered-employee payroll	3,182,564	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.377891923%	*	*
Proportionate share of the net pension liability	\$ 405,977	*	*
Covered-employee payroll	2,155,276	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.94%	*	*
Plan fiduciary net position as a percentage of the total pension liability	94.76%	*	*
Public Employees Pension Plan - Component Units			
Library			
Proportion of the net pension liability	0.026475595%	*	*
Proportionate share of the net pension liability	\$ 467,213	*	*
Covered-employee payroll	452,577	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*
Weed and Pest			
Proportion of the net pension liability	0.009060781%	*	*
Proportionate share of the net pension liability	\$ 159,895	*	*
Covered-employee payroll	154,855	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.85%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*

The amounts presented for each fiscal year were determined as of December 31st, which is the measurement date.

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

CONVERSE COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Fiscal Years

(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public Employees Pension Plan - County			
Contractually required contribution	\$ 493,513	*	*
Contributions in relations to the contractually required contributions	<u>(493,513)</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>
Covered-employee payroll	\$ 3,182,564	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 366,828	*	*
Contributions in relations to the contractually required contributions	<u>(366,828)</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>
Covered-employee payroll	\$ 2,155,276	*	*
Contributions as a percentage of covered-employee payroll	17.02%	*	*
Public Employees Pension Plan - Component Units			
Library			
Contractually required contribution	\$ 70,180	*	*
Contributions in relations to the contractually required contributions	<u>(70,180)</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>
Covered-employee payroll	\$ 452,577	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*
Weed and Pest			
Contractually required contribution	\$ 24,018	*	*
Contributions in relations to the contractually required contributions	<u>(24,018)</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>
Covered-employee payroll	\$ 154,855	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*

The amounts presented for each fiscal year were determined as of December 31st, which is the measurement date.

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

OTHER SUPPLEMENTARY INFORMATION

CONVERSE COUNTY, WYOMING

COMBINING BALANCE SHEET
COUNTY ROADS FUNDS

June 30, 2015

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 1,163,641	\$ 18,186,148	\$ 111,138	\$ 19,460,927
Investments	1,059,095	728,866	-	1,787,961
Due from other governments	26,922	14,384	-	41,306
Total assets	\$ 2,249,658	\$ 18,929,398	\$ 111,138	\$ 21,290,194
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 339,618	\$ -	\$ 339,618
Due to other funds	13,473	-	-	13,473
Total liabilities	13,473	339,618	-	353,091
Fund Balances				
Restricted				
County road construction	2,236,185	-	-	2,236,185
Committed				
Road construction	-	18,589,780	111,138	18,700,918
Total fund balances	2,236,185	18,589,780	111,138	20,937,103
Total liabilities and fund balances	\$ 2,249,658	\$ 18,929,398	\$ 111,138	\$ 21,290,194

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 COUNTY ROADS FUNDS
 Year Ended June 30, 2015

	County Roads Fund	County Roads Other Fund	County Road 37 Fund	Totals
Revenues				
Tax revenue	\$ 454,823	\$ -	\$ -	\$ 454,823
Intergovernmental revenues	-	339,205	-	339,205
Investment income	13,149	33,611	-	46,760
Total revenues	<u>467,972</u>	<u>372,816</u>	<u>-</u>	<u>840,788</u>
Expenditures				
Capital outlay	115,025	5,321,786	-	5,436,811
Total expenditures	<u>115,025</u>	<u>5,321,786</u>	<u>-</u>	<u>5,436,811</u>
Deficiency of revenues over expenditures	<u>352,947</u>	<u>(4,948,970)</u>	<u>-</u>	<u>(4,596,023)</u>
Other financing sources				
Transfers in	<u>-</u>	<u>10,163,561</u>	<u>-</u>	<u>10,163,561</u>
Total other financing sources	<u>-</u>	<u>10,163,561</u>	<u>-</u>	<u>10,163,561</u>
Net changes in fund balances	352,947	5,214,591	-	5,567,538
Fund balances, beginning of year	<u>1,883,238</u>	<u>13,375,189</u>	<u>111,138</u>	<u>15,369,565</u>
Fund balances, end of year	<u>\$ 2,236,185</u>	<u>\$ 18,589,780</u>	<u>\$ 111,138</u>	<u>\$ 20,937,103</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, 2015

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Tax revenue	\$ 435,000	\$ 435,000	\$ 462,527	\$ 27,527
Investment income	9,000	9,000	10,489	1,489
	<u>444,000</u>	<u>444,000</u>	<u>473,016</u>	<u>29,016</u>
Expenditures				
Capital outlay	2,100,000	2,100,000	115,024	1,984,976
Total expenditures	<u>2,100,000</u>	<u>2,100,000</u>	<u>115,024</u>	<u>1,984,976</u>
Excess (deficiency) of revenues over expenditures	<u>(1,656,000)</u>	<u>(1,656,000)</u>	<u>357,992</u>	<u>\$ 2,013,992</u>
Net change in fund balance	<u>(1,656,000)</u>	<u>(1,656,000)</u>	<u>357,992</u>	<u><u>\$ 2,013,992</u></u>
Fund balance, beginning of year	<u>1,861,544</u>	<u>1,861,544</u>	<u>1,861,544</u>	
Fund balance, end of year	<u><u>\$ 205,544</u></u>	<u><u>\$ 205,544</u></u>	<u><u>\$ 2,219,536</u></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, 2015

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 365,230	\$ 365,230	\$ 324,821	\$ (40,409)
Investment income	23,500	23,500	33,611	10,111
	<u>388,730</u>	<u>388,730</u>	<u>358,432</u>	<u>(30,298)</u>
Expenditures				
Capital outlay	19,692,000	19,692,000	5,649,324	14,042,676
Total expenditures	<u>19,692,000</u>	<u>19,692,000</u>	<u>5,649,324</u>	<u>14,042,676</u>
Excess (deficiency) of revenues over expenditures	<u>(19,303,270)</u>	<u>(19,303,270)</u>	<u>(5,290,892)</u>	<u>14,012,378</u>
Other financing sources				
Transfers in	10,112,000	10,112,000	10,163,561	51,561
Total other financing sources	<u>10,112,000</u>	<u>10,112,000</u>	<u>10,163,561</u>	<u>51,561</u>
Net change in fund balance	<u>(9,191,270)</u>	<u>(9,191,270)</u>	<u>4,872,669</u>	<u>\$ 13,960,817</u>
Fund balance, beginning of year	<u>14,042,233</u>	<u>14,042,233</u>	<u>14,042,233</u>	
Fund balance, end of year	<u>\$ 4,850,963</u>	<u>\$ 4,850,963</u>	<u>\$ 18,914,902</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, 2015

	Budget Amounts		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	117,877	117,877	6,739	111,138
Total expenditures	117,877	117,877	6,739	111,138
Excess (deficiency) of revenues over expenditures	(117,877)	(117,877)	(6,739)	111,138
Net change in fund balance	(117,877)	(117,877)	(6,739)	<u>\$ 111,138</u>
Fund balance, beginning of year	117,877	117,877	117,877	
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,138</u>	

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	\$ 12,416	\$ 58,146	\$ 51,511	\$ 508,387	\$ 8,257
Property taxes receivable	291	832	952	-	-
Accounts receivable	-	-	-	17,229	-
Due from other governments	-	-	-	-	13,649
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 12,707</u>	<u>\$ 58,978</u>	<u>\$ 52,463</u>	<u>\$ 525,616</u>	<u>\$ 21,906</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 885	\$ 1,220	\$ -	\$ -
Due to other funds	-	-	-	-	-
Refundable advances	-	-	-	-	-
Total liabilities	<u>-</u>	<u>885</u>	<u>1,220</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
tax revenue	291	456	628	-	-
Total deferred inflows of resources	<u>291</u>	<u>456</u>	<u>628</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted					
Rural fire protection	12,416	-	-	-	-
Parks and recreation	-	57,637	-	-	-
Health department	-	-	50,615	-	-
Enhanced 911	-	-	-	525,616	-
Grants	-	-	-	-	21,906
Committed					
HAHR	-	-	-	-	-
Impact assistance	-	-	-	-	-
Assigned					
Inmate welfare	-	-	-	-	-
Offender monitoring	-	-	-	-	-
Unassigned					
Total fund balances	<u>12,416</u>	<u>57,637</u>	<u>50,615</u>	<u>525,616</u>	<u>21,906</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,707</u>	<u>\$ 58,978</u>	<u>\$ 52,463</u>	<u>\$ 525,616</u>	<u>\$ 21,906</u>

TANF Grant	Immunization Grant	Other Grants	Inmate Welfare	Offender Monitoring
\$ -	\$ 11,024	\$ 3,730	\$ 78,813	\$ 6,814
-	-	-	-	-
-	-	-	-	-
1,164	-	73,742	-	-
<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ 77,472</u>	<u>\$ 78,813</u>	<u>\$ 6,814</u>
\$ -	\$ -	\$ 4,050	\$ 149	\$ -
102	-	1,164	-	-
-	-	-	-	-
<u>102</u>	<u>-</u>	<u>5,214</u>	<u>149</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,062	11,024	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	78,664	-
-	-	-	-	6,814
-	-	72,258	-	-
<u>1,062</u>	<u>11,024</u>	<u>72,258</u>	<u>78,664</u>	<u>6,814</u>
<u>\$ 1,164</u>	<u>\$ 11,024</u>	<u>\$ 77,472</u>	<u>\$ 78,813</u>	<u>\$ 6,814</u>

(Continued)

CONVERSE COUNTY, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2015

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	K-9	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 4,908	\$ -	\$ 14	\$ -	\$ 25,110	\$ 769,130
Property taxes receivable	-	-	-	-	-	2,075
Accounts receivable	-	-	-	-	-	17,229
Due from other governments	-	-	-	-	-	87,391
Due from other funds	-	-	-	-	-	1,164
Total assets	<u>\$ 4,908</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 25,110</u>	<u>\$ 876,989</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,874	\$ -	\$ 1,285	\$ 10,463
Due to other funds	-	5,871	-	-	-	7,137
Refundable advances	4,908	-	-	-	-	4,908
Total liabilities	<u>4,908</u>	<u>5,871</u>	<u>2,874</u>	<u>-</u>	<u>1,285</u>	<u>22,508</u>
Deferred inflows of resources						
Deferred property tax revenue	-	-	-	-	-	1,375
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,375</u>
Fund Balances						
Restricted						
Rural fire protection	-	-	-	-	-	12,416
Parks and recreation	-	-	-	-	-	57,637
Health department	-	-	-	-	-	50,615
Enhanced 911	-	-	-	-	-	525,616
Grants	-	-	-	-	23,825	57,817
Committed						
HAHR	-	-	-	-	-	-
Impact assistance	-	-	-	-	-	-
Assigned						
Inmate welfare	-	-	-	-	-	78,664
Offender monitoring	-	-	-	-	-	6,814
Unassigned	-	(5,871)	(2,860)	-	-	63,527
Total fund balances	<u>-</u>	<u>(5,871)</u>	<u>(2,860)</u>	<u>-</u>	<u>23,825</u>	<u>853,106</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,908</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 25,110</u>	<u>\$ 876,989</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Rural Fire Protection	Parks and Recreation	Health Department	Enhanced 911
Revenues				
Taxes	\$ 1,628	\$ 217,914	\$ 157,010	\$ 135,004
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	83,635	-
Investment income	8	55	112	1,100
Miscellaneous revenues	-	3,496	-	-
Total revenues	<u>1,636</u>	<u>221,465</u>	<u>240,757</u>	<u>136,104</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	59,800
Public works	-	-	-	-
Health, welfare and recreation	-	-	235,842	-
Conservation of natural resources	-	169,062	-	-
Total expenditures	<u>-</u>	<u>169,062</u>	<u>235,842</u>	<u>59,800</u>
Excess (deficiency) of revenues over expenditures	1,636	52,403	4,915	76,304
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>1,636</u>	<u>52,403</u>	<u>4,915</u>	<u>76,304</u>
Fund balances, beginning of year	<u>10,780</u>	<u>5,234</u>	<u>45,700</u>	<u>449,312</u>
Fund balances, end of year	<u>\$ 12,416</u>	<u>\$ 57,637</u>	<u>\$ 50,615</u>	<u>\$ 525,616</u>

Homeland Security Grants	TANF Grant	Immunization Grant	Other Grant	Inmate Welfare	Offender Monitoring
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,438	4,990	-	281,052	8,129	480
-	-	-	-	-	-
-	-	-	-	180	-
-	-	-	-	-	-
<u>24,438</u>	<u>4,990</u>	<u>-</u>	<u>281,052</u>	<u>8,309</u>	<u>480</u>
-	-	-	57,522	-	-
26,984	-	-	75,260	5,507	480
-	-	-	102,545	-	-
-	5,092	-	-	-	-
-	-	-	-	-	-
<u>26,984</u>	<u>5,092</u>	<u>-</u>	<u>235,327</u>	<u>5,507</u>	<u>480</u>
(2,546)	(102)	-	45,725	2,802	-
-	-	-	28,976	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>28,976</u>	<u>-</u>	<u>-</u>
<u>(2,546)</u>	<u>(102)</u>	<u>-</u>	<u>74,701</u>	<u>2,802</u>	<u>-</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>
<u>\$ 21,906</u>	<u>\$ 1,062</u>	<u>\$ 11,024</u>	<u>\$ 72,258</u>	<u>\$ 78,664</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, 2015

	HAHR	Best Beginnings	WIC Grant	Impact Assistance	K-9	Nonmajor Special Revenue Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,556
Intergovernmental revenues	94,692	50,042	14,358	-	-	478,181
Charges for services	-	-	-	-	-	83,635
Investment income	-	(33)	-	110	-	1,532
Miscellaneous revenues	-	-	-	-	15,006	18,502
Total revenues	<u>94,692</u>	<u>50,009</u>	<u>14,358</u>	<u>110</u>	<u>15,006</u>	<u>1,093,406</u>
Expenditures						
Current						
General government	94,599	-	-	-	-	152,121
Public safety	-	-	-	-	6,011	174,042
	-	-	-	-	-	102,545
Health, welfare and recreation	-	59,042	14,155	-	-	314,131
Conservation of natural resources	-	-	-	-	-	169,062
Total expenditures	<u>94,599</u>	<u>59,042</u>	<u>14,155</u>	<u>-</u>	<u>6,011</u>	<u>911,901</u>
Excess (deficiency) of revenues over expenditures	93	(9,033)	203	110	8,995	181,505
Other financing sources (uses)						
Transfers in	-	-	-	-	-	28,976
Transfers out	-	-	-	(51,561)	-	(51,561)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,561)</u>	<u>-</u>	<u>(22,585)</u>
Net changes in fund balances	<u>93</u>	<u>(9,033)</u>	<u>203</u>	<u>(51,451)</u>	<u>8,995</u>	<u>158,920</u>
Fund balances (deficit), beginning of year	<u>(93)</u>	<u>3,162</u>	<u>(3,063)</u>	<u>51,451</u>	<u>14,830</u>	<u>694,186</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (5,871)</u>	<u>\$ (2,860)</u>	<u>\$ -</u>	<u>\$ 23,825</u>	<u>\$ 853,106</u>

CONVERSE COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 CONVERSE COUNTY LIBRARY AND CONVERSE COUNTY LIBRARY FOUNDATION
 June 30, 2015

	Converse County Public Library	Converse County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 795,207	\$ 121,553	\$ 916,760
Investments	83,705	-	83,705
Property taxes receivable	4,664	-	4,664
Accounts receivable	253	22,043	22,296
Due from other governments	16,111	-	16,111
Restricted investments	-	146,290	146,290
Beneficial interest in assets held by others	-	235,248	235,248
Capital assets being depreciated, net of accumulated depreciation	499,932	-	499,932
Total assets	<u>1,399,872</u>	<u>525,134</u>	<u>1,925,006</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	73,173	-	73,173
Total deferred outflows of resources	<u>73,173</u>	<u>-</u>	<u>73,173</u>
LIABILITIES			
Accounts payable and accrued liabilities	42,117	-	42,117
Noncurrent liabilities			
Due within one year	6,133	-	6,133
Due in more than one year	26,693	-	26,693
Net pension liability	467,213	-	467,213
Total liabilities	<u>542,156</u>	<u>-</u>	<u>542,156</u>
NET POSITION			
Net investment in capital assets	499,932	-	499,932
Permanently restricted by grantors/donors	-	393,076	393,076
Unrestricted	430,957	132,058	563,015
Total net position	<u>\$ 930,889</u>	<u>\$ 525,134</u>	<u>\$ 1,456,023</u>

CONVERSE COUNTY, WYOMING

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

Year Ended June 30, 2015

	Converse County Public Library	Converse County Public Library Foundation	Total
Revenues			
Taxes	\$ 853,559	\$ -	\$ 853,559
Charges for services	11,753	-	11,753
Miscellaneous	538	213	751
Investment income (loss)	2,554	(11,559)	(9,005)
Public support	-	14,596	14,596
Total revenues	<u>868,404</u>	<u>3,250</u>	<u>871,654</u>
Expenditures			
Current			
Health, welfare and recreation	1,430,096	6,470	1,436,566
Debt service			
Interest	476	-	476
Total expenditures	<u>1,430,572</u>	<u>6,470</u>	<u>1,437,042</u>
Deficiency of revenues over expenditures	<u>(562,168)</u>	<u>(3,220)</u>	<u>(565,388)</u>
Other financing sources			
Contributions to an endowment	-	3,786	3,786
	<u>-</u>	<u>3,786</u>	<u>3,786</u>
Net change in fund balance	(562,168)	566	(561,602)
Net position, beginning of year, as previously reported	1,670,124	524,568	2,194,692
Prior period adjustment	(177,067)	-	(177,067)
Net position, beginning of year as restated	<u>1,493,057</u>	<u>524,568</u>	<u>2,017,625</u>
Net position, end of year	<u>\$ 930,889</u>	<u>\$ 525,134</u>	<u>\$ 1,456,023</u>

SINGLE AUDIT, INTERNAL CONTROL, AND COMPLIANCE INFORMATION

CONVERSE COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

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	-	\$ 14,344
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	125,160
Total U.S. Department of Agriculture			<u>139,504</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	CMAQ CM15003	339,205
Highway Planning and Construction	20.205	HRRR CN13070	43,719
Highway Planning and Construction	20.205	HRRR CN13071	49,074
Total Highway Planning and Construction Cluster			<u>431,998</u>
Passed through Wyoming Association of Sheriff's and Chiefs of Police <i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600		3,250
National Priority Safety Programs	20.616		15,482
Total Highway Safety Cluster			<u>18,732</u>
Total U.S. Department of Transportation			<u>450,730</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health Public Health Emergency Preparedness	93.069	-	94,692
Passed through the Wyoming Department of Family Services Temporary Assistance for Needy Families Total TANF Cluster	93.558	-	5,091
Passed through Wyoming Department of Health HIV Prevention Activities - Health Department Based	93.940	-	3,411
Total U.S. Department of Health and Human Services			<u>103,194</u>

(Continued)

See notes to the schedule of expenditures of federal awards

CONVERSE COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2015

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 Homeland Security</u>			
Passed through Wyoming Office of Homeland Security Emergency Management Performance Grants	97.042	14-GPD-CON-EM-GCF14	\$ 30,000
Homeland Security Grant Program	97.067	12-GPD-CON-SC-HSG13	24,440
Total Homeland Security Grant Program			<u>24,440</u>
Total U.S. Department of Homeland Security			<u>54,440</u>
Total Federal Financial Assistance			<u>\$ 747,868</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, 2015

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, 2015, the County recognized \$623,408 of PILT entitlement as income.

Note 3. Subrecipients

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided \$112,787 in Cooperative Forestry Assistance, CFDA 10.664 to a subrecipient.

Note 4. Schools to Roads – CFDA 10.665

The County receives moneys under the Secure Rural Schools and Community Self Determination Act of 2000 (SRS), as amended and most recently reauthorized by P.L. 113-40. Each county is accountable for the proper use of funds under the Single Audit Act. These moneys are mandated revenue sharing and are identified by CFDA # 10.665. 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 are no expenditures or other requirements for the entitlement program. During the fiscal year June 30, 2015, the County received \$24,396.



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, 2015, 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 24, 2016. Our report includes a reference to other auditors who audited the financial statements for the Memorial Hospital of Converse County, the Converse County Weed and Pest Control District, and the Converse County Airport Board as described in our report on Converse County, Wyoming's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 2015-001 and 2015-002 that we considered to be significant deficiencies.

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*.

We noted certain matters that we reported to management of the County in a separate letter dated February 24, 2016.

County's Response to Findings

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
February 24, 2016



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 Converse County, Wyoming's major federal program for the year ended June 30, 2015. 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, the 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, 2015. 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 its major federal program for the year ended June 30, 2015.

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 24, 2016

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

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	\$ 431,998

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, 2015

PART II – FINANCIAL STATEMENT FINDINGS

2015-001

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.

CONVERSE COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2015

PART II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2015-002

Criteria

Internal Control Integrated Framework, published by the committee of Sponsoring Organizations of the Treadway Commission includes five interrelated components, which are (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The objectives of internal control relate to financial reporting, operations, and compliance. Safeguarding of assets is a subset of these objectives. In that respect, management designs internal control to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. Segregation of duties is a key internal control. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. The four functions that should be performed by separate individuals include authorization, custody, recordkeeping, and reconciliation. No individual should have control over two or more of these functions. If duties cannot be segregated, compensating controls must be established.

Condition

The County has one individual responsible for preparing payroll input, reviewing the payroll journals from the payroll system, finalizing each payroll for employees and amounts, determining the bank transfer, distribution of bank transfer to the employees' accounts for each payroll, and reconciling the payroll bank account. This combination of duties is incompatible and significantly increases the chance of an undetected error or irregularity.

Effect

Potential errors and misstatements could exist within the County's financial statements without being detected. In addition, a lack of segregation in these duties provides an opportunity for misappropriation of funds with a little chance of timely detection.

Cause

This resulted from a consideration of existing policies and procedures by the responsible employees.

Recommendation

We strongly suggest that some of these functions be segregated among other employees to protect the assets of the organization. At a minimum, we suggest having someone else perform a review of the payroll in the preparation and final stages. The completion of a review in the preparation stage would allow mistakes in the input process to be caught and corrected. We recommend that the final review be a comparison to the prior period in order to prevent any material alterations or mistakes after the initial review.

Views of responsible officials and planned corrective actions

The County has reviewed the recommendation and has implemented review procedures.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

CONVERSE COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2015

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.

Status

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.