

SHERIDAN COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2014

CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Net Position - Fiduciary Fund	27
Discretely Presented Component Unit Statements	
Combining Statement of Net Position	28
Combining Statement of Activities	30
Notes to Financial Statements	32
Required Supplementary Information	
Infrastructure Assets Reported Using the Modified Approach (Unaudited)	64
Schedule of Funding Progress For Postemployment Healthcare Plan	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	68
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Capital Facilities Tax Fund	70
Note to Required Supplementary Information	71
Other Supplementary Information	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Road Construction Fund	74
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	
Weed and Pest Control	75
Sheridan County Fair	76
Sheridan County Public Library	77
Combining Statement of Net Position - Sheridan County Public Library and Sheridan County Library Foundation	78
Combining Statement of Revenues, Expenses and Changes in Net Position - Sheridan County Public Library and Sheridan County Library Foundation	79
Combining Statement of Net Position - Memorial Hospital of Sheridan County and Foundation	80
Combining Statement of Revenues, Expenses and Changes in Net Position - Memorial Hospital of Sheridan County and Foundation	81

CONTENTS (CONTINUED)

Single Audit, Internal Control and Compliance Information	
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards	87
Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	89
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance	91
Schedule of Findings and Questioned Costs	93
Schedule of Prior Year Audit Findings	95



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sheridan County, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sheridan 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 Sheridan County, a discretely presented component unit, which represents 77 percent, 75 percent and 93 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of Sheridan County. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditor. 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence amount 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 report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, infrastructure assets reported using the modified approach, budgetary comparison information, and the schedule of funding progress for postemployment healthcare plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and infrastructure assets reported using the modified approach 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 and the schedule of funding progress for the postemployment healthcare plan 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 budgetary comparison information and the schedule of funding progress for the postemployment healthcare plan have 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 financial statements or to the 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 and the schedule of funding progress for the postemployment healthcare plan are 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 Sheridan County'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. The accompanying schedule of expenditures of federal awards is 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 Sheridan County.

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 financial statements or to the 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 December 19, 2014, on our consideration of Sheridan 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 Sheridan County's internal control over financial reporting.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming

December 19, 2014

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

This section of the Sheridan County, Wyoming's annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2014. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia & 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

Sheridan County's total assets exceeded liabilities and deferred inflows of resources as of June 30, 2014 by \$78,676,239 (net position). Of this amount \$10,380,897 (unrestricted net position) may be used to meet ongoing obligations, and \$66,816,074 is invested in capital assets, net of related debt.

As of June 30, 2014, the County's governmental funds reported combined fund balances of \$12,655,449. Unassigned fund balance of the combined fund balance was \$2,233,991.

The fund balance for the general fund was \$11,115,369 as of June 30, 2014, with an unassigned fund balance of \$2,233,991.

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 Sheridan 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.

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.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

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 Sheridan County itself, (known as the primary government), but also the following legally separate entities: Weed and Pest Control, Sheridan County Fair, Sheridan County Public Library, and the Sheridan County Hospital. The County is financially accountable for these entities and appoints directors to their boards which require them to be identified as component units of Sheridan 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 Sheridan County Hospital may be obtained from the entity's administrative offices.

The County's government-wide financial statements are presented on pages 16 through 18.

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 government-wide financial statements. All of the County programs are included in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out in a short period of time. For example, amounts reported on the balance sheet include items such as cash and receivables collectable within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. The fund balance generally indicates the amount that can be used to finance next year's activities. The operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Consequently, the governmental funds statements provide a short-term view that helps determine if there are more or fewer financial resources to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, we provide an analysis 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.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

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

The County governmental fund financial statements are presented on pages 19 through 22.

The County uses a proprietary-type enterprise fund to account for its Airport. 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 County Airport.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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

The fiduciary fund statement is presented on page 27.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government - wide and fund statements. The notes are presented on pages 32 through 62.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedules and infrastructure assets reported using the modified approach. The County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 64 through 72.

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 financial component units which do not issue separate financial statements. This information is presented as other supplementary information immediately following the required supplementary information. Other supplementary information is presented on pages 74 through 81 and governmental audit and compliance information is presented on pages 83 through 95.

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 and deferred inflows of resources by \$78,676,239. By far the largest portion of the County's net position (85%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads, bridges and facilities. These assets are not available for future spending. The County had \$2,249,640 in outstanding debt related to its capital assets. The unrestricted net position of \$10,380,897 (13%) may be used to meet the County's ongoing obligations.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

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

	<u>2014</u>	<u>Variance</u>	<u>2013</u>
ASSETS			
Current assets	\$ 20,813,143	\$ 7,821,829	\$ 12,991,314
Capital assets, net of accumulated depreciation	<u>49,070,123</u>	<u>1,050,999</u>	<u>48,019,124</u>
Total assets	<u>69,883,266</u>	<u>8,872,828</u>	<u>61,010,438</u>
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Current liabilities	1,829,435	(444,656)	1,384,779
Due in more than one year	3,415,122	84,878	3,500,000
Deferred taxes	<u>5,863,161</u>	<u>(5,293,140)</u>	<u>570,021</u>
Total liabilities & deferred inflows of resources	<u>11,107,718</u>	<u>(5,652,918)</u>	<u>5,454,800</u>
NET POSITION			
Invested in capital assets, net of related debt	48,266,709	2,513,901	45,752,808
Restricted	1,216,229	363,188	853,041
Unrestricted	<u>9,292,610</u>	<u>342,821</u>	<u>8,949,789</u>
Total net position	<u>\$ 58,775,548</u>	<u>\$ 3,219,910</u>	<u>\$ 55,555,638</u>

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

Business type activities	<u>2014</u>	<u>Variance</u>	<u>2013</u>
ASSETS			
Current assets	\$ 1,579,036	\$ (1,764,835)	\$ 3,343,871
Capital assets, net of accumulated depreciation	<u>21,099,365</u>	<u>625,834</u>	<u>20,473,531</u>
Total assets	<u>22,678,401</u>	<u>(1,139,001)</u>	<u>23,817,402</u>
LIABILITIES			
Current liabilities	278,105	644,926	923,031
Due in more than one year	<u>2,499,605</u>	<u>78,006</u>	<u>2,577,611</u>
Total liabilities	<u>2,777,710</u>	<u>722,932</u>	<u>3,500,642</u>
NET POSITION			
Invested in capital assets, net of related debt	18,549,365	1,355,834	17,193,531
Restricted	263,039	(660,981)	924,020
Unrestricted	<u>1,088,287</u>	<u>(1,110,922)</u>	<u>2,199,209</u>
Total net position	<u>\$ 19,900,691</u>	<u>\$ (416,069)</u>	<u>\$ 20,316,760</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

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

Revenues	2014	Percentage	2013	Percentage	Variance
General					
Taxes	\$15,304,070	71.05%	\$14,524,077	73.72%	\$ 779,993
Payments in lieu of taxes	965,581	4.48%	927,267	4.71%	38,314
Investment income	113,500	0.53%	43,152	0.22%	70,348
Miscellaneous revenue	38,912	0.18%	133,146	0.67%	(94,234)
Other grants and contributions	1,382,311	6.42%	972,596	4.94%	409,715
Program Revenues					
Charges for services	1,461,069	6.78%	1,393,581	7.07%	67,488
Operating grants and contributions	1,261,181	5.86%	761,035	3.86%	500,146
Capital grants contributions	1,012,318	4.70%	947,103	4.81%	65,215
Total revenues	21,538,942	100.00%	19,701,957	100.00%	1,836,985
Expenses					
General government	9,076,108	50.76%	8,606,549	47.77%	469,559
Public safety	4,686,880	26.21%	5,262,543	29.21%	(575,663)
Public works	2,328,856	13.02%	2,853,758	15.84%	(524,902)
Health, welfare, and recreation	809,876	4.53%	844,354	4.69%	(34,478)
Conservation of natural resources	133,893	0.75%	285,686	1.59%	(151,793)
Capital outlay	771,044	4.31%	64,492	0.35%	706,552
Interest on long-term debt	73,525	0.41%	98,552	0.55%	(25,027)
Total expenses	17,880,182	100.00%	18,015,934	100.00%	(135,752)
Excess of revenue over expenses before transfers					
	3,658,760		1,686,023		1,972,737
Transfers (out)	(438,850)		(453,080)		14,230
Changes in net position	3,219,910		1,232,943		\$ 1,986,967
Net position, beginning of year	55,555,638		54,322,695		
Net position, end of year	\$58,775,548		\$55,555,638		

The main elements of the change in net position relate to a increase in tax revenue and grant revenue.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

The following schedule details the changes in net position for the County's business-type activities related to the Sheridan County Airport:

Revenues	2014	Percentage	2013	Percentage	Variance
General					
Taxes	\$ 71,177	3.62%	\$ 86,842	2.43%	\$ (15,665)
Loss on disposition of capital assets	44,000	2.24%	-	0.00%	44,000
Investment income	7,967	0.40%	3,452	0.10%	4,515
Program Revenues					
Charges for services	602,217	30.59%	533,892	14.91%	68,325
Operating grants and contributions	28,512	1.45%	15,961	0.45%	12,551
Capital grants and contributions	1,214,790	61.71%	2,940,853	82.12%	(1,726,063)
Total revenues	<u>1,968,663</u>	<u>100.00%</u>	<u>3,581,000</u>	<u>100.00%</u>	<u>(1,612,337)</u>
Expenses					
County Airport	2,823,582	100.00%	2,539,134	100.00%	284,448
Total expenses	<u>2,823,582</u>	<u>100.00%</u>	<u>2,539,134</u>	<u>100.00%</u>	<u>284,448</u>
Excess (deficiency) of revenue over expenses before transfers	(854,919)		1,041,866		(1,896,785)
Transfer in	<u>438,850</u>		<u>453,080</u>		<u>(14,230)</u>
Changes in net position	(416,069)		1,494,946		<u>\$ (1,911,015)</u>
Net position, beginning of year	20,316,760		18,841,203		
Prior period adjustment			(19,389)		
Net position, beginning of year as restated	<u>20,316,760</u>		<u>18,821,814</u>		
Net position, end of year	<u>\$19,900,691</u>		<u>\$20,316,760</u>		

These changes are related to a fluctuation in Airport grant related revenue.

Financial Analysis of the County's Funds

The County's activities are contained in the General, Road Construction, and Capital Facilities Tax funds. As previously mentioned the focus of the County's governmental funds is to provide information on the near - term inflows, outflows and balances of expendable resources.

At June 30, 2014, the County's governmental funds reported combined fund balances of \$12,655,449.

The General Fund is the main operating fund of the County. As of June 30, 2014, the total fund balance was \$11,115,369, while the unassigned General Fund balance was \$2,233,991.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

The Capital Facilities Tax Fund is used to account for the acquisition, construction and maintenance of major capital facilities and roads other than those financed by the general fund. As of June 30, 2014, the Capital Facilities Tax Fund shows a fund balance of \$590,439.

The County Road Construction Fund is used to account for the acquisition, construction and maintenance of the County's roads and bridges. As of June 30, 2014, the County's Road Construction Fund shows a fund balance of \$949,641.

Revenues for governmental funds were approximately \$20.8 million for the fiscal year ended June 30, 2014. The following schedule presents revenues by source.

Revenues	2014	Percentage	2013	Percentage	Variance
Taxes	\$15,068,368	72.35%	\$14,479,366	73.07%	\$ 589,002
Licenses and permits	235,996	1.13%	202,954	1.02%	33,042
Intergovernmental revenues	4,503,199	21.62%	4,179,373	21.09%	323,826
Charges for services	887,413	4.26%	801,020	4.05%	86,393
Investment income	113,500	0.54%	43,152	0.22%	70,348
Miscellaneous revenues	17,240	0.08%	108,856	0.55%	(91,616)
Total revenues	\$20,825,716	100.00%	\$19,814,721	100.00%	\$ 1,010,995

Expenditures for governmental funds were approximately \$19.2 million for fiscal year 2014.

The following schedule presents expenditures by activities.

	2014	Percentage	2013	Percentage	Variance
Current					
General government	\$ 7,791,576	40.50%	\$ 8,068,561	38.21%	\$ (276,985)
Public safety	4,582,150	23.82%	4,665,369	22.10%	(83,219)
Public works	1,878,800	9.77%	1,943,796	9.21%	(64,996)
Health, welfare and recreation	809,876	4.21%	1,158,434	5.49%	(348,558)
Conservation of natural resources	133,893	0.70%	143,759	0.68%	(9,866)
Debt Service					
Principal	404,212	2.10%	332,913	1.58%	71,299
Interest	48,728	0.25%	98,552	0.47%	(49,824)
Capital outlay	3,588,925	18.66%	4,702,756	22.27%	(1,113,831)
Total expenditures	\$19,238,160	100.00%	\$21,114,140	100.00%	\$ (1,875,980)

Funds were transferred from the General Fund to the Capital Facilities Tax Fund to reimburse the Capital Facilities Tax Fund for grant related revenues attributed to construction expenses paid by the Capital Facilities Tax Fund. Funds were also transferred from the County Road Construction (SCRF) to the Capital Facilities Tax Fund to reimburse the Capital Facilities Tax Fund for road related construction projects paid by the Capital Facilities Tax Fund.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

Capital Assets and Debt Administration

The County's capital assets for its governmental activities as of June 30, 2014 was approximately \$49 million (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways and bridges), land, site improvements, buildings and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 2 percent.

The schedule below 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	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	26,948,739	1,686,338	-	28,635,077
Construction in progress	1,016,367	2,144,447	2,289,484	871,330
Total capital assets not being depreciated	<u>28,928,423</u>	<u>3,830,785</u>	<u>2,289,484</u>	<u>30,469,724</u>
Capital assets being depreciated				
Land improvements	643,833	48,178	-	692,011
Buildings and building improvements	24,916,098	520,922	219,949	25,217,071
Equipment	5,269,426	540,520	417,162	5,392,784
Furnishings, computer equipment and software	2,944,187	36,653	118,297	2,862,543
Vehicles	1,138,823	136,415	101,130	1,174,108
Total capital assets being depreciated	<u>34,912,367</u>	<u>1,282,688</u>	<u>856,538</u>	<u>35,338,517</u>
Less accumulated depreciation for				
Land improvements	334,493	54,035	-	388,528
Buildings and building improvements	8,142,305	779,893	67,818	8,854,380
Equipment	3,922,064	517,186	413,991	4,025,259
Furnishings, computer equipment and software	2,507,900	119,735	88,621	2,539,014
Vehicles	914,904	112,799	96,766	930,937
Total accumulated depreciation	<u>15,821,666</u>	<u>1,583,648</u>	<u>667,196</u>	<u>16,738,118</u>
Total capital assets, being depreciated, net	<u>19,090,701</u>	<u>(300,960)</u>	<u>189,342</u>	<u>18,600,399</u>
Governmental activities, capital assets, net	<u>\$ 48,019,124</u>	<u>\$ 3,529,825</u>	<u>\$ 2,478,826</u>	<u>\$ 49,070,123</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

The County’s infrastructure assets are recorded at historical cost in the government – wide financial statements as required by GASB statement No. 34. Effective July 1, 2008, the County elected to use the modified approach for infrastructure reporting, and therefore, does not depreciate its infrastructure assets. The infrastructure consists of a road and bridge system.

The County manages its road network by assessing the condition of all County roads annually with an assessment system developed by the County. The roads are rated as being in standard or substandard condition. To be rated standard, paved roads are not expected to need major repairs for another 10 to 20 years. Paved roads rated substandard need major repairs within 0 to 10 years. To be rated standard, gravel roads are not expected to need major repairs for at least 5 to 10 years. Gravel roads rated substandard are expected to need major repairs within 0 to 5 years due to not having the proper structural base.

It is the County’s policy to maintain its paved roads with at least 33% rated as standard and to maintain its gravel roads with at least 33% rated as standard. The number of miles of paved and gravel rated standard and substandard are as follows:

2014 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	72%	-	0%
Sub-standard	9.60	36%	120	28%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>

The County manages its bridge system using a modified approach. The County’s bridges are classified in three categories. Those at 80 % to 100% Sufficiency Rating as acceptable and needing no repair, 50% to 80% Sufficiency Rating needing some repair and less than 50% Sufficiency Rating needing major repairs.

Major capital asset events during the current fiscal year included the following:

- Maintenance and Election Storage Building
- County Road Projects
- Construction in progress as of the end of the current fiscal year was \$2,437,780 for Sheridan County. This amount included approximately \$767,572 in costs related to the County road and bridges, \$103,758 in facility renovations, and \$1,566,450 in airport related projects.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

The schedule below shows the changes in capital assets for business-type activities during the year:

Capital asset activity for the business activities of Sheridan County for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ -	\$ -	\$ 1,079,529
Construction in progress	166,971	2,253,620	854,141	1,566,450
Total capital assets not being depreciated	<u>1,246,500</u>	<u>2,253,620</u>	<u>854,141</u>	<u>2,645,979</u>
Capital assets being depreciated				
Buildings, building improvements and runways	40,428,268	167,503	-	40,595,771
Equipment	1,840,681	709,395	342,141	2,207,935
Total capital assets being depreciated	<u>42,268,949</u>	<u>876,898</u>	<u>342,141</u>	<u>42,803,706</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	21,849,970	1,538,628	-	23,388,598
Furnishings and computer equipment	1,191,948	111,915	342,141	961,722
Total accumulated depreciation	<u>23,041,918</u>	<u>1,650,543</u>	<u>342,141</u>	<u>24,350,320</u>
Total capital assets, being depreciated, net	<u>19,227,031</u>	<u>(773,645)</u>	<u>-</u>	<u>18,453,386</u>
Capital assets, net	<u>\$ 20,473,531</u>	<u>\$ 1,479,975</u>	<u>\$ 854,141</u>	<u>\$ 21,099,365</u>

Additional information on the Sheridan County's capital assets can be found in Note 5 on pages 45 to 49 of this report.

Budget information

The Board of County Commissioners approached the fiscal year 2014 budget with the following assumptions: there would be no growth in revenues; there would be increases in employee benefit costs but a reduction in overall expenditures; there would be no reduction in county staffing, and the County services would continue to be provided at a high level of quality. These assumptions were primarily met, budget to actual percentages at year end were 97.8% for general fund revenue, 89.9% for general fund expense, 111.8% for road construction fund revenue and 86.3% for road construction expense. The board approved one amendment to the fiscal year budget that included transfers in the Grant Department, County Corner Office, Clerk of District Court Office, and Emergency Management Department. Adjustments were made in operating expenses in the General Fund to appropriate \$733,875 in unanticipated grant expenses, and \$925,408 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$5,600 for the County Coroner Office, \$9,400 for the County Clerk of District Court Office, and \$1,900 for Emergency Management Department.

Economic Factors and Next Year's Budget and Rates

User fees and other County revenue sources are not expected to increase or decrease significantly.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2014

Long-term Debt

At the end of the current fiscal year, Sheridan County had debt of \$1,446,226 from a note payable and \$2,550,000 from Airport Revenue Bonds. These funds have been used to finance the Sheridan County Detention Facility and improvements at the Airport. In addition the County has a SRF loan in the amount of \$280,468 for water line improvements at the Airport. In 2012, the state discovered that the sales and use tax have not been reported in the proper jurisdiction resulting in Sheridan County having to repay \$461,067 of previously received sales and use tax to the state. The amount outstanding at June 30, 2014 was \$276,617. Capital leases of \$522,946 were outstanding as of June 30, 2014 and represent the remaining amounts due on various equipment purchases. The County also has long-term debt related to the incurred but not reported health claims, reclamation liabilities, OPEB, and amounts due to employees for accrued compensated absences.

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 Sheridan County's Administrative Director at 224 South Main Street, Sheridan, Wyoming 82801-4855.

BASIC FINANCIAL STATEMENTS

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
ASSETS				
Cash and cash equivalents	\$ 11,611,097	\$ 91,312	\$ 11,702,409	\$ 8,979,764
Restricted cash for bond funded projects	-	418,092	418,092	-
Investments	185,324	534,640	719,964	13,454,541
Current portion of assets limited as to use	-	-	-	765,454
Taxes receivable	5,722,367	-	5,722,367	70,612
Accounts receivable	413,474	56,268	469,742	7,944,815
Other receivables	-	-	-	1,514,149
Due from other governments	2,171,396	215,685	2,387,081	-
Due from primary government	-	-	-	20,441
Prepaid expenses and other current assets	-	-	-	429,173
Inventory	709,485	-	709,485	2,155,898
Restricted investments, long-term	-	263,039	263,039	-
Assets limited as to use, less current portion	-	-	-	17,710,559
Capital assets not being depreciated	30,469,724	2,645,979	33,115,703	4,681,239
Capital assets being depreciated, net of accumulated depreciation	18,600,399	18,453,386	37,053,785	45,103,169
Other assets, long-term	-	-	-	1,523,739
Total assets	69,883,266	22,678,401	92,561,667	104,353,553
LIABILITIES & DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	664,371	203,105	867,476	5,573,906
Due to other governments	475,970	-	475,970	-
Due to third party payors	-	-	-	2,714,225
Refundable advances	14,421	-	14,421	-
Noncurrent liabilities				
Due within one year	674,673	75,000	749,673	30,327
Due in more than one year	3,415,122	2,499,605	5,914,727	180,285
Total liabilities	5,244,557	2,777,710	8,022,267	8,498,743
Deferred inflows of resources				
Deferred taxes	5,863,161	-	5,863,161	88,457
Total deferred inflows of resources	5,863,161	-	5,863,161	88,457
NET POSITION				
Invested in capital assets, net of related debt	48,266,709	18,549,365	66,816,074	49,658,021
Restricted by voters	67,567	-	67,567	-
Restricted by state statutes	1,148,662	-	1,148,662	-
Restricted by bond covenants	-	263,039	263,039	-
Restricted by donors	-	-	-	7,603,209
Restricted nonexpendable	-	-	-	2,146,188
Unrestricted	9,292,610	1,088,287	10,380,897	36,358,935
Total net position	\$ 58,775,548	\$ 19,900,691	\$ 78,676,239	\$ 95,766,353

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 9,076,108	\$ 1,069,024	\$ 44,639	\$ 29,495
Public safety	4,686,880	183,417	809,781	70,236
Public works	2,328,856	194,092	12,065	293,609
Health, welfare, and recreation	809,876	14,536	394,696	22,000
Conservation of natural resources	133,893	-	-	-
Capital outlay	771,044	-	-	596,978
Interest on long-term debt	73,525	-	-	-
Total governmental activities	<u>17,880,182</u>	<u>1,461,069</u>	<u>1,261,181</u>	<u>1,012,318</u>
Business-type activities				
Airport	2,823,582	602,217	28,512	1,214,790
Total primary government	<u>\$ 20,703,764</u>	<u>\$ 2,063,286</u>	<u>\$ 1,289,693</u>	<u>\$ 2,227,108</u>
Component units	<u>\$ 76,616,752</u>	<u>\$70,455,878</u>	<u>\$3,124,635</u>	<u>\$ 424,166</u>

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

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>			Component Units Totals
<u>Governmental Activities</u>	<u>Business Activity</u>	<u>Total</u>	
\$ (7,932,950)	\$ -	\$ (7,932,950)	\$ -
(3,623,446)	-	(3,623,446)	-
(1,829,090)	-	(1,829,090)	-
(378,644)	-	(378,644)	-
(133,893)	-	(133,893)	-
(174,066)	-	(174,066)	-
(73,525)	-	(73,525)	-
<u>(14,145,614)</u>	<u>-</u>	<u>(14,145,614)</u>	<u>-</u>
-	(978,063)	(978,063)	-
<u>(14,145,614)</u>	<u>(978,063)</u>	<u>(15,123,677)</u>	<u>-</u>
-	-	-	(2,612,073)
6,469,506	-	6,469,506	1,086,364
4,788,882	-	4,788,882	-
4,045,682	71,177	4,116,859	-
1,382,311	-	1,382,311	-
965,581	-	965,581	-
-	44,000	44,000	-
113,500	7,967	121,467	2,563,449
-	-	-	12,124
38,912	-	38,912	2,076,775
(438,850)	438,850	-	-
<u>17,365,524</u>	<u>561,994</u>	<u>17,927,518</u>	<u>5,738,712</u>
<u>3,219,910</u>	<u>(416,069)</u>	<u>2,803,841</u>	<u>3,126,639</u>
<u>55,555,638</u>	<u>20,316,760</u>	<u>75,872,398</u>	<u>92,639,714</u>
<u>\$ 58,775,548</u>	<u>\$ 19,900,691</u>	<u>\$ 78,676,239</u>	<u>\$ 95,766,353</u>

SHERIDAN COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 10,722,602	\$ 178,436	\$ 710,059	\$ 11,611,097
Investments	185,324	-	-	185,324
Taxes receivable	5,722,367	-	-	5,722,367
Accounts receivable	411,430	2,044	-	413,474
Due from other governments	1,797,243	321,185	52,969	2,171,397
Due from other funds	357,249	-	-	357,249
Inventory	-	522,872	186,613	709,485
Total assets	<u>\$ 19,196,215</u>	<u>\$ 1,024,537</u>	<u>\$ 949,641</u>	<u>\$ 21,170,393</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 587,522	\$ 76,849	\$ -	\$ 664,371
IBNR claims payable	303,417	-	-	303,417
Due to other governments	475,970	-	-	475,970
Due to other funds	-	357,249	-	357,249
Refundable advances	14,421	-	-	14,421
Total liabilities	<u>1,381,330</u>	<u>434,098</u>	<u>-</u>	<u>1,815,428</u>
Deferred inflows of resources				
Deferred taxes	6,243,665	-	-	6,243,665
Deferred revenue from other government	455,851	-	-	455,851
Total deferred inflows of resources	<u>6,699,516</u>	<u>-</u>	<u>-</u>	<u>6,699,516</u>
Fund Balances				
Nonspendable				
Inventory	-	522,872	186,613	709,485
Restricted				
Voters resolution	-	67,567	-	67,567
Wyoming state statutes	385,634	-	763,028	1,148,662
Committed				
County resolutions	393,750	-	-	393,750
Healthcare costs	1,224,561	-	-	1,224,561
Assigned	6,877,433	-	-	6,877,433
Unassigned	2,233,991	-	-	2,233,991
Total fund balances	<u>11,115,369</u>	<u>590,439</u>	<u>949,641</u>	<u>12,655,449</u>
Total liabilities, deferred inflows of resources and and fund balances	<u>\$ 19,196,215</u>	<u>\$ 1,024,537</u>	<u>\$ 949,641</u>	<u>\$ 21,170,393</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

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

June 30, 2014

Total fund balances - governmental funds \$ 12,655,449

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.

49,070,123

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.

Property taxes

380,504

Receivable from other government

455,851

Some liabilities exceed the amount that is due and payable in the current period and therefore are not fully reported in the governmental funds.

Capital lease obligations

\$ (522,946)

Note payable with a bank

(1,446,226)

State Revolving Loan fund

(280,468)

Reclamation and royalties liability

(97,000)

Other postemployment employee benefits liability current year

(809,656)

Compensated absences in total

(353,466)

Repayment of sales tax due to incorrect distribution

(276,617)

(3,786,379)

Net position of governmental activities

\$ 58,775,548

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
Revenues				
Taxes	\$ 13,310,988	\$ 1,757,380	\$ -	\$ 15,068,368
Licenses and permits	235,996	-	-	235,996
Intergovernmental revenues	3,920,089	13,728	569,382	4,503,199
Charges for services	887,413	-	-	887,413
Investment income	112,867	633	-	113,500
Miscellaneous revenues	17,240	-	-	17,240
Total revenues	<u>18,484,593</u>	<u>1,771,741</u>	<u>569,382</u>	<u>20,825,716</u>
Expenditures				
Current				
General government	7,791,576	-	-	7,791,576
Public safety	4,582,150	-	-	4,582,150
Public works	1,878,800	-	-	1,878,800
Health, welfare and recreation	809,876	-	-	809,876
Conservation of natural resources	133,893	-	-	133,893
Debt Service				
Principal	371,984	32,228	-	404,212
Interest	48,728	-	-	48,728
Capital outlay	1,352,785	2,234,140	2,000	3,588,925
Total expenditures	<u>16,969,792</u>	<u>2,266,368</u>	<u>2,000</u>	<u>19,238,160</u>
Excess (deficiency) of revenues over expenditures	<u>1,514,801</u>	<u>(494,627)</u>	<u>567,382</u>	<u>1,587,556</u>
Other financing sources (uses)				
Proceeds from capital financing	270,535	-	-	270,535
Proceeds from sale of assets	21,672	-	-	21,672
Transfers in	351,249	836,231	2,000	1,189,480
Transfers (out)	<u>(1,127,080)</u>	<u>(351,249)</u>	<u>(150,000)</u>	<u>(1,628,329)</u>
Total other financing sources (uses)	<u>(483,624)</u>	<u>484,982</u>	<u>(148,000)</u>	<u>(146,642)</u>
Net changes in fund balances	<u>1,031,177</u>	<u>(9,645)</u>	<u>419,382</u>	<u>1,440,914</u>
Fund balances, beginning of year	10,084,192	537,549	581,426	11,203,167
Increase (decrease) in reserve for inventory	<u>-</u>	<u>62,535</u>	<u>(51,167)</u>	<u>11,368</u>
Fund balances, end of year	<u>\$ 11,115,369</u>	<u>\$ 590,439</u>	<u>\$ 949,641</u>	<u>\$ 12,655,449</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

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

Net change in fund balances - total governmental funds \$ 1,440,914

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:

Fixed asset acquisitions expensed in the governmental funds	\$ 5,113,473	
Assets transferred from construction in progress to fixed assets and infrastructure	(2,289,484)	
Loss on disposal of assets	(189,342)	
Depreciation expense for the year	(1,583,648)	1,050,999

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

Principal payments on capital lease obligations	184,912	
Amounts provided through lease financing	(270,535)	
Refinance of Lease Revenue Bond Series 2006 A and B with a note payable with a bank	1,535,411	
Note payable with a bank	(1,560,207)	
Principal payment on a note payable with a bank	113,981	
Principal payment on State Revolving Fund loan	13,114	
Repayment of sales tax due to incorrect distribution	92,205	
Prior year liability for compensated absences	385,466	
Current year liability for compensated absences	(353,466)	
Prior year liability for OPEB	693,852	
Current year liability for OPEB	(809,656)	25,077

The governmental funds report the purchase of inventory using the purchase method. However, in the statement of activities the change in inventory has been accounted for using the consumption method.

This is the net effect of this difference in the treatment of inventory. 11,368

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

Property taxes prior year	(144,803)	
Property taxes current year	380,504	
Receivable from other government	455,851	691,552

Change in net position of governmental activities \$ 3,219,910

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2014

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
ASSETS	
Cash and cash equivalents	\$ 91,312
Restricted cash for bond funded projects	418,092
Investments	534,640
Accounts receivable	56,268
Due from other governments	215,685
Investments restricted by bond covenants	263,039
Capital assets not being depreciated	2,645,979
Capital assets being depreciated, net of accumulated depreciation	18,453,386
Total assets	<u>22,678,401</u>
LIABILITIES	
Accounts payable and accrued liabilities	203,105
Current maturity of bonds payable	75,000
Total current liabilities	<u>278,105</u>
Bonds payable, net of current maturity	2,475,000
Compensated absences	24,605
Total long-term liabilities	<u>2,499,605</u>
NET POSITION	
Invested in capital assets, net of related debt	18,549,365
Restricted by bond covenants	263,039
Unrestricted	1,088,287
Total net position	<u>\$ 19,900,691</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

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

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
Operating revenues	
Charges for services	\$ 602,217
Operating expenses	
Salaries and benefits	504,219
Operating expenses	605,362
Depreciation	1,650,543
Total operating expenses	2,760,124
Operating loss	(2,157,907)
Nonoperating revenues (expense)	
Taxes	20,770
Interest income	7,967
Interest expense	(63,458)
Passenger facility charges pledged as security for revenue bonds	50,407
Grants	28,512
Loss on disposal of assets	44,000
Total nonoperating revenue	88,198
Loss before contributions and transfers	(2,069,709)
Capital contributions - grants	1,214,790
Transfers in	438,850
Changes in net position	(416,069)
Net position, beginning of year	20,316,760
Net position, end of year	\$ 19,900,691

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

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

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 558,441
Payments to suppliers	(595,288)
Payments to employees	(507,225)
Net cash used in operating activities	<u>(544,072)</u>
 Cash Flows from Noncapital Financing Activities	
Passenger facility charges	50,407
Subsidy from tax revenue	20,770
Subsidy from state and federal grants	28,512
Net cash provided by noncapital financing activities	<u>99,689</u>
 Cash Flows from Capital and Related Financing Activities	
State and federal capital grants	1,036,062
Transfer from primary government for capital projects	438,850
Principal payment on bonds payable	(730,000)
Interest paid on bonds and note payable	(63,458)
Purchases of property and equipment	(2,232,377)
Net cash used in capital and related financing activities	<u>(1,550,923)</u>
 Cash Flows from Investing Activities	
Interest received	7,967
Purchase of investments	(33,252)
Purchase of restricted investments	660,981
Net cash used in investing activities	<u>635,696</u>
 Net decrease in cash and cash equivalents	<u>(1,359,610)</u>
 Cash and cash equivalents, including \$1,760,000 of restricted cash for bond funded projects, beginning of year	 <u>1,869,014</u>
 Cash and cash equivalents, including \$418,000 of restricted cash for bond funded projects, end of year	 <u>\$ 509,404</u>

(Continued)

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

Year Ended June 30, 2014

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Reconciliation of operating loss to net cash used in operating activities	
Loss from operations	\$ (2,157,907)
Adjustments to reconcile operating loss to cash used in operating activities	
Depreciation and amortization	1,650,543
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Accounts receivable	(43,776)
Accounts payable and accrued liabilities	10,074
Compensated absences	(3,006)
Net cash used in operating activities	<u><u>\$ (544,072)</u></u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2014

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,309,945
Taxes receivable	2,111,217
Due from other governments	782,641
Total assets	<u>7,203,803</u>
LIABILITIES	
Due to component units	20,441
Due to other governments	5,070,507
Deferred property tax revenue	2,112,855
Total liabilities	<u>7,203,803</u>
NET POSITION	
Total net position	<u>\$ -</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2014

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
ASSETS			
Cash and cash equivalents	\$ 1,216,365	\$ 472,677	\$ 295,606
Investments	-	23,852	2,800,206
Current portion of assets limited as to use	-	-	-
Taxes receivable	70,612	-	-
Accounts receivable	20,247	4,813	-
Other receivables	-	-	-
Due from other governments	-	-	-
Due from primary government	20,441	-	-
Prepaid items and other current assets	-	-	-
Inventory	217,801	-	-
Assets limited as to use, less current portion	-	-	-
Capital assets not being depreciated	-	-	855,786
Capital assets being depreciated, net of accumulated depreciation	809,117	1,306,618	2,862,522
Other assets, long-term	-	-	-
Total assets	2,354,583	1,807,960	6,814,120
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities	84,996	781	-
Due to third-party payors	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	26,989	9,936	47,300
Total liabilities	111,985	10,717	47,300
Deferred inflows of resources			
Deferred taxes	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	809,117	1,306,618	3,718,308
Restricted for special purpose funds	-	-	-
Permanently restricted by donors	-	-	1,232,127
Unrestricted	1,433,481	490,625	1,816,385
Total net position	\$ 2,242,598	\$ 1,797,243	\$ 6,766,820

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 6,995,116	\$ 8,979,764
10,630,483	13,454,541
765,454	765,454
-	70,612
7,919,755	7,944,815
1,514,149	1,514,149
-	-
-	20,441
429,173	429,173
1,938,097	2,155,898
17,710,559	17,710,559
3,825,453	4,681,239
40,124,912	45,103,169
1,523,739	1,523,739
<u>93,376,890</u>	<u>104,353,553</u>
5,488,129	5,573,906
2,714,225	2,714,225
30,327	30,327
96,060	180,285
<u>8,328,741</u>	<u>8,498,743</u>
<u>88,457</u>	<u>88,457</u>
<u>88,457</u>	<u>88,457</u>
43,823,978	49,658,021
7,603,209	7,603,209
914,061	2,146,188
32,618,444	36,358,935
<u>\$ 84,959,692</u>	<u>\$ 95,766,353</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2014

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Weed and Pest Control District	\$ 1,554,266	\$ 161,005	\$ 95,704	\$ -
Sheridan County Fair	640,598	76,596	466,625	424,166
Sheridan County Public Library	1,797,671	44,284	1,616,655	-
Memorial Hospital of Sheridan County	72,624,217	70,173,993	945,651	-
	\$ 76,616,752	\$ 70,455,878	\$ 3,124,635	\$ 424,166
		General Revenues		
		Property taxes		
		Miscellaneous		
		Contributions to endowment		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library	Memorial Hospital of Sheridan County	Totals
\$ (1,297,557)	\$ -	\$ -	\$ -	\$ (1,297,557)
-	326,789	-	-	326,789
-	-	(136,732)	-	(136,732)
-	-	-	(1,504,573)	(1,504,573)
<u>(1,297,557)</u>	<u>326,789</u>	<u>(136,732)</u>	<u>(1,504,573)</u>	<u>(2,612,073)</u>
1,086,364	-	-	-	1,086,364
-	24,650	9,270	2,042,855	2,076,775
-	-	12,124	-	12,124
1,816	922	370,803	2,189,908	2,563,449
<u>1,088,180</u>	<u>25,572</u>	<u>392,197</u>	<u>4,232,763</u>	<u>5,738,712</u>
(209,377)	352,361	255,465	2,728,190	3,126,639
<u>2,451,975</u>	<u>1,444,882</u>	<u>6,511,355</u>	<u>82,231,502</u>	<u>92,639,714</u>
<u>\$ 2,242,598</u>	<u>\$ 1,797,243</u>	<u>\$ 6,766,820</u>	<u>\$ 84,959,692</u>	<u>\$ 95,766,353</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Nature of Operations and Significant Accounting Policies

Sheridan 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 is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combining statements for major component units to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a June 30 year end.

Blended Component Units

In compliance with the parameters of Government Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Sheridan County Law Enforcement Center Joint Powers Board is considered a blended component unit of the County. The County owns the assets of the Sheridan County Law Enforcement Center Joint Powers Board and budgets for the expenditures of the Sheridan County Law Enforcement Center Joint Powers Board within its general fund.

Discretely Presented Component Units

The columns in the combining statements for major component units include the financial data of the County's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County. The governing boards of all of these component units are appointed by the Board of County Commissioners.

The *Weed and Pest Control 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 (if necessary) on behalf of the District. The Weed and Pest Control District's taxes are levied under the taxing authority of the County and are not included as part of the County's total tax levy. The District does not issue separate external financial statements.

The *Sheridan County Fair* maintains and manages the operations of the County Fair and conducts agricultural, industrial and other fairs and exhibitions within the County. The Fair Board is fiscally dependent upon the County, and the Board of Commissioners must approve any debt issuances. The Fair receives funding from the County's general fund. Funds allocated to the Fair are part of the County's total tax levy. The Fair does not issue separate external financial statements.

The *Sheridan County Public Library* maintains and manages the operations of the County Library and library system. The Library Board is fiscally dependent upon the County and the Board of Commissioners must approve any debt issuances. The Library receives funding from the County's general fund. Funds allocated to the Library are part of the County's total tax levy. The Library does not issue separate external financial statements.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Discretely Presented Component Units (Continued)

In compliance with the parameters of Government Accounting Standards Board (“GASB”) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Sheridan County Library Foundation has been included as a component unit of the Sheridan County Public Library.

The *Memorial Hospital of Sheridan County* is a public hospital in Sheridan County. The Memorial Hospital of Sheridan County is governed by a board of seven trustees appointed by the Sheridan County Commissioners. The Memorial Hospital of Sheridan County issues separate financial statements, which may be obtained from Memorial Hospital of Sheridan County, 1401 West 5th Street, Sheridan, Wyoming 82801.

In compliance with the parameters of Government Accounting Standards Board (“GASB”) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Sheridan County Memorial Hospital Foundation has been included as a component unit of the Memorial Hospital of Sheridan County.

The Memorial Hospital of Sheridan County Foundation was established to raise funds to support the operation of Memorial Hospital of Sheridan County. The Hospital Foundation’s bylaws provide that funds be used for the purpose specified, if any, by the donor. The Hospital Foundation may also place restrictions on the funds. There are eleven foundation directors, two of whom are required to be Memorial Hospital of Sheridan County representatives. The Hospital Foundation is reported as a discretely presented component unit of the Memorial Hospital of Sheridan County. The Hospital Foundation expended \$1,278,399 in support of the Memorial Hospital of Sheridan County.

Other Entities

Under criteria established by Government Accounting Standards Board, the following joint powers boards are considered separate reporting entities and have not been included in the financial statements of the County:

- Sheridan Area Water Supply Joint Powers Board (SAWS). SAWS is included as a discretely presented component unit of City of Sheridan.
- Sheridan Juvenile Justice Commission Joint Powers Board

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Government-wide and Fund Financial Statements (Continued)

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.

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. Likewise, general revenues include all taxes.

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The 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.

Capital Facilities Tax Fund is a special revenue fund and is used to account for major construction and maintenance projects funded by the capital facilities tax approved by the voters.

Road Construction 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.

The government reports the following major proprietary fund:

The *Sheridan County Airport* is a facility which provides air travel and freight services to all the citizens of the County.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Additionally, the government reports the following fund types:

The *agency funds* are custodial in nature (assets equal liabilities) and do 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. Likewise, general revenues include all taxes.

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.

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, agencies and instrumentalities, and repurchase agreements involving U.S. Government securities. The County's investments are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net position date. The County's investments consist of certificates of deposit, U.S. Agencies' obligations, all of which are carried at fair value, and participation in WYO-STAR. WYO-STAR is a government investment pool, established on or after July 1, 1996, offered exclusively to Wyoming governmental entities. The value of the County's investments in WYO-STAR is equal to the value of its share WYO-STAR. The Library Foundation has investments in mutual funds, corporate bonds, and equities.

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, may be offset by a nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Memorial Hospital of Sheridan County Board of Trustees for capital improvements and current operations, over which the Board retains control, and assets set aside in accordance with bond arrangements.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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 the Memorial Hospital of Sheridan County consists of supplies stated at cost which is determined generally on a first-in, first-out basis.

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. The County's capitalization level for infrastructure assets is \$100,000. Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Primary Government	
Land improvements	20
Buildings and building improvements	20 - 40
Furnishings and computer equipment	5 - 10
Equipment	10 - 15
Hangars, runways, ramps and taxiways	20
Vehicles	5
Component Units	
Land improvements	20
Buildings	10 - 40
Furnishings and computer equipment	3 - 15
Equipment	10
Library collection	2 - 5
Vehicles	5

In accordance with the alternative approach to depreciating infrastructure assets permitted by GASB Statement No. 34, the County has elected to expense all infrastructure related expenditures, except for those expenditures related to additions to or significant improvement of infrastructure assets, in lieu of depreciating infrastructure assets. In order to utilize the alternative system, the County must maintain an asset management system which assesses asset condition and must maintain infrastructure assets at the condition level established by the County.

Capital asset purchases are accounted for as expenditures of the general fund and road construction fund in the governmental fund financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after the fiscal year end, with the net balance considered unavailable and, therefore, deferred.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Property Taxes (Continued)

The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2014, was 12 mills, which means the County has levied to the maximum amount available.

Deferred Inflows 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 from two sources: property taxes and grants. 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 are recognized as an inflow of resources in the year they are levied.

Major Taxpayers

The County's 10 largest taxpayers account for approximately 23% of the County's total assessed property valuation. Nine of the 10 taxpayers are involved in mineral extraction industries. The remaining major taxpayer is a railroad company. The County received approximately 6% of its total revenues from these taxpayers.

Motor Vehicle Fees

Motor Vehicle fees collected by the County from January to June are not identified as revenue to the County and recipient agencies until September of each year after the new levies have been set. The revenue is not earned as of the end of the fiscal year, nor does it qualify as available and measurable. As June 30, 2014, the County's estimated portion in the amount of \$558,479 is recorded as a deferred revenue, and the remaining \$2,726,691 due to other jurisdictions is recorded in the fiduciary fund.

Compensated Absences

All regular, full-time employees are entitled to vacation leave and all regular part-time employees accumulate vacation leave on a prorated basis. Non-exempt employees accumulate vacation leave hours monthly based on number of years of service with the County. Exempt employees earn 14 hours per month. Employees will be paid for the unused vacation leave up to a maximum of 192 accumulated hours. A liability for these amounts is reported 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; however, none of the accumulated sick leave will be paid upon termination of employment. The contingent liability for the primary government's unvested amount of sick leave as of June 30, 2014 was approximately \$803,150.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commission, the highest level of authority, through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the County board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

Certain resources of the Memorial Hospital of Sheridan County set aside are classified as restricted assets on the balance sheet because their use is limited by applicable restrictions. Restricted net position are used to differentiate resources, the uses of which are restricted by donors or grantors, from unrestricted net position on which donors or grantors place no restriction or that arise as a result of the operations of the Memorial Hospital of Sheridan County for its stated purposes. Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted net asset accounts.

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.

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, Sheridan County Fair and Sheridan County Public 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 re-appropriated 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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Budget (Continued)

The County Commissioners amended the budget for the fiscal year ended June 30, 2014 to increase the general fund's grant revenues by \$925,408 and expenditures by \$733,875. The budget amendment also included transfers from the fixed cost department to the county coroner's department of \$5,600, to the clerk of district court of \$9,400, and to the emergency management department of \$1,900.

Charity Care

The Memorial Hospital of Sheridan County provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Memorial Hospital of Sheridan County does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. However, the Hospital maintains records to identify and monitor the level of charity care provided. The Hospital provided charity care in the amount of \$2,292,319 for the year ended June 30, 2014.

Net Patient Service Revenue

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

The Memorial Hospital of Sheridan County has agreements with third-party payers that provide for reimbursement to the Memorial Hospital of Sheridan County at amounts different from its established rates. A summary of the payment arrangements with major third-party payers is as follows.

Medicare – 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 outpatient services, and certain capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Effective August 1, 2000, Medicare changed its method of paying for outpatient services to a prospective payment methodology based on the system of ambulatory payment classification (“APC”). The Memorial Hospital of Sheridan County's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Memorial Hospital of Sheridan County's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2012.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fee schedule methodology.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Collections

The Sheridan County Library owns a collection of rare library books. These items are not considered to be held for financial gain. All books in the collection are protected, kept unencumbered, and preserved. The Library has capitalized this collection, but does not depreciate its rare books collection. The general library collection has a limited life and is available to be borrowed by the general public. The general library collection is capitalized and depreciated.

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2014.

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 must be collateralized.

Primary Government

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

Component Units

As of June 30, 2014, the bank balances of all County's component units, except for the Memorial Hospital of Sheridan County, were 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.

Memorial Hospital of Sheridan County

As of June 30, 2014, the carrying amount of the Memorial Hospital of Sheridan County's cash, including cash limited as to use, was \$24,338,212. In 2014, all invested cash balances were covered by Federal depository insurance or by collateral held by the Memorial Hospital of Sheridan County's agent in the Memorial Hospital of Sheridan County's name.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note2. Deposits and Investments (Continued)

Investments

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

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	Rating
Investments					
State Treasurer's					
Investment Pool (WYO-STAR)	\$ 718,964	0.15% - 0.25%	\$ 718,964	\$ -	Not rated
Certificate of deposit	1,000	3.68%	-	1,000	Not rated
	<u>\$ 719,964</u>		<u>\$ 718,964</u>	<u>\$ 1,000</u>	
Investments - restricted					
U.S. Government Securities	<u>\$ 263,039</u>	1.25%	<u>\$ 4,622</u>	<u>\$ 258,417</u>	Aaa

As of June 30, 2014, the component units of the County, excluding the Memorial Hospital of Sheridan County, had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	6 - 10	More Than 10
Corporate bonds	\$ 42,989	1.375% - 3.90%	\$ -	\$ 14,174	\$ 28,815	\$ -
Money market funds	75,604	n/a	75,604	-	-	-
Mutual funds	401,698	n/a	401,698	-	-	-
Equities	1,596,186	n/a	1,596,186	-	-	-
U.S. Government						
Securities	627,583	0.375% - 8.22%	-	220,873	32,382	374,328
Certificate of deposit	79,998	0.18% - 2.45%	79,998	-	-	-
Total	<u>\$ 2,824,058</u>		<u>\$ 2,153,486</u>	<u>\$ 235,047</u>	<u>\$ 61,197</u>	<u>\$ 374,328</u>

The mutual funds, corporate bonds, and equities are held by the Sheridan County Library Foundation, which is not subject to the state statutes restricting County investments.

Memorial Hospital of Sheridan County

Cash and investments, including assets limited as to use of the Memorial Hospital of Sheridan County, as of June 30, 2014 is as follows:

Petty cash	\$ 4,781
Interest-bearing checking accounts	14,400,694
Certificates of deposit	<u>9,932,737</u>
	<u>24,338,212</u>
Memorial Hospital Foundation	
Cash	1,132,917
Investments	<u>10,630,483</u>
	<u>11,763,400</u>
	<u>\$ 36,101,612</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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. The U.S. Government agency securities and securities held in the external investment pool are rated AAA/Aaa by Standard and Poor's and Moody's. Under investment agreements with WYOSTAR, the County has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such investments.

Concentration of Credit Risk

The County does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the County's total investments. At June 30, 2014, the County had 73% of its investments in WYOSTAR, the State Treasurer's Investment Pool, and the component units, excluding Memorial Hospital of Sheridan County which had 3% of its investments in Certificates of Deposit, had 56% of their investments in equities, 14% of their investments in mutual funds, 2% of their investments in corporate bonds, 3% of their investments in money market funds, and 22% of their investments in U.S. government securities, respectively. Investments in mutual funds and equities are held by the Sheridan County Library Foundation, which is not subject to the state statutes restricting investments.

Custodial Credit Risk – Investments

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Patient Accounts Receivable and Assets Limited as to Use

The patient accounts receivable balance of the Memorial Hospital of Sheridan County as of June 30, 2014 is comprised of the following:

Medicare	\$ 5,918,712
Medicaid	1,246,103
Insurance and other-third party	7,907,170
Private pay	3,500,224
	<u>18,572,209</u>
Less allowance for doubtful accounts	<u>(10,652,454)</u>
	<u><u>\$ 7,919,755</u></u>

At June 30, 2014, the Memorial Hospital of Sheridan County has assets limited as to use for certain purposes as follows:

Capital improvements	\$ 15,623,947
Current operations	2,474,375
Restricted contributions	377,692
	<u>18,476,013</u>
Less amounts required for current liabilities	<u>(765,454)</u>
	<u><u>\$ 17,710,559</u></u>

Assets limited as to use consist of \$18,427,496 in money market funds and certificates of deposit.

Note 4. Interfund Balances

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

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 357,249	\$ -
Capital Facilities Tax Fund	-	357,249
	<u>\$ 357,249</u>	<u>\$ 357,249</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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Interfund Balances (Continued)

	Transfers In	Transfers Out
General Fund	\$ 351,249	\$ 1,127,080
Capital Facilities Tax Fund	836,231	351,250
Road Construction Fund	2,000	150,000
Airport Fund	438,850	-
	\$ 1,628,330	\$ 1,628,330

Transfers were made from the General Fund to the Capital Facilities Tax fund for reimbursement of grant revenues collected for County road construction projects and from the General Fund to the Airport for infrastructure projects. Transfers were made from the Capital Facilities Tax fund to the General fund for reimbursement of County Road & Bridge labor and equipment utilized on capital road projects. Transfers may also (1) be used to move revenues from the funds that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary restrictions.

Note 5. Receivable From Other Government

Prior to November of 2012, Sheridan County and Johnson County were participating agencies in the Lake DeSmet Counties Coalition (“Coalition”) and were parties to the Lake DeSmet Counties Coalition Joint Agreement. In November 2012, Sheridan County and Johnson County voted to dissolve and terminate the Coalition and have entered into an agreement terminating and dissolving the Coalition. As part of the dissolution agreement, Sheridan County conveyed to Johnson County all of its interest in the assets of the Coalition and Johnson County will pay Sheridan County \$500,000 over five annual installments of \$100,000 each beginning in November 2013. Since the agreement was contingent upon the Wyoming Game and Fish Commission entering into a lease with Johnson County, the dissolution agreement was not finalized until July 2013. The present value of the \$500,000 calculated at 2.8% interest resulting in the amount of \$455,851 is included as a receivable in due from other governments. The principal and interest is receivable as follows:

	Principal	Interest	Total
2015	\$ 82,680	\$ 17,320	\$ 100,000
2016	89,416	10,584	100,000
2017	91,952	8,048	100,000
2018	94,560	5,440	100,000
2019	97,243	2,757	100,000
	\$ 455,851	\$ 44,149	\$ 500,000

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets

Primary Government

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	26,948,739	1,686,338	-	28,635,077
Construction in progress	1,016,367	2,144,447	2,289,484	871,330
Total capital assets not being depreciated	<u>28,928,423</u>	<u>3,830,785</u>	<u>2,289,484</u>	<u>30,469,724</u>
Capital assets being depreciated				
Land improvements	643,833	48,178	-	692,011
Buildings and building improvements	24,916,098	520,922	219,949	25,217,071
Equipment	5,269,426	540,520	417,162	5,392,784
Furnishings, computer equipment and software	2,944,187	36,653	118,297	2,862,543
Vehicles	1,138,823	136,415	101,130	1,174,108
Total capital assets being depreciated	<u>34,912,367</u>	<u>1,282,688</u>	<u>856,538</u>	<u>35,338,517</u>
Less accumulated depreciation for				
Land improvements	334,493	54,035	-	388,528
Buildings and building improvements	8,142,305	779,893	67,818	8,854,380
Equipment	3,922,064	517,186	413,991	4,025,259
Furnishings, computer equipment and software	2,507,900	119,735	88,621	2,539,014
Vehicles	914,904	112,799	96,766	930,937
Total accumulated depreciation	<u>15,821,666</u>	<u>1,583,648</u>	<u>667,196</u>	<u>16,738,118</u>
Total capital assets, being depreciated, net	<u>19,090,701</u>	<u>(300,960)</u>	<u>189,342</u>	<u>18,600,399</u>
Governmental activities, capital assets, net	<u>\$ 48,019,124</u>	<u>\$ 3,529,825</u>	<u>\$ 2,478,826</u>	<u>\$ 49,070,123</u>

Approximately \$1,381,849 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$199,195 is included in annual depreciation expense.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

Primary Government (Continued)

Capital asset activity for the business-type activities of Sheridan County for the year ended June 30, 2014:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ -	\$ -	\$ 1,079,529
Construction in progress	166,971	2,253,620	854,141	1,566,450
Total capital assets not being depreciated	1,246,500	2,253,620	854,141	2,645,979
Capital assets being depreciated				
Buildings, building improvements and runways	40,428,268	167,503	-	40,595,771
Equipment	1,840,681	709,395	342,141	2,207,935
Total capital assets being depreciated	42,268,949	876,898	342,141	42,803,706
Less accumulated depreciation for:				
Buildings, building improvements and runways	21,849,970	1,538,628	-	23,388,598
Furnishings and computer equipment	1,191,948	111,915	342,141	961,722
Total accumulated depreciation	23,041,918	1,650,543	342,141	24,350,320
Total capital assets, being depreciated, net	19,227,031	(773,645)	-	18,453,386
Capital assets, net	\$ 20,473,531	\$ 1,479,975	\$ 854,141	\$ 21,099,365

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

Governmental activities	
General government	\$ 1,020,792
Public safety	112,799
Public works	450,057
Total depreciation expense - governmental activities	\$ 1,583,648

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

Component Units

Capital asset activity for each component unit for the year ended June 30, 2014, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 857,723	\$ -	\$ -	\$ 857,723
Vehicles and equipment	302,607	-	-	302,607
Total capital assets being depreciated	<u>1,160,330</u>	<u>-</u>	<u>-</u>	<u>1,160,330</u>
Less accumulated depreciation for				
Buildings and improvements	89,331	21,890	-	111,221
Vehicles and equipment	197,872	42,120	-	239,992
Total accumulated depreciation	<u>287,203</u>	<u>64,010</u>	<u>-</u>	<u>351,213</u>
Total capital assets, being depreciated, net	<u>873,127</u>	<u>(64,010)</u>	<u>-</u>	<u>809,117</u>
Capital assets, net	<u>\$ 873,127</u>	<u>\$ (64,010)</u>	<u>\$ -</u>	<u>\$ 809,117</u>

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Land improvements	\$ 2,732,185	\$ 414,750	\$ -	\$ 3,146,935
Buildings and building improvements	1,536,112	9,417	-	1,545,528
Equipment, grounds keeping	333,322	-	15,000	318,322
Equipment, other	18,054	-	-	18,054
Vehicles	68,250	-	15,000	53,250
Total capital assets being depreciated	<u>4,687,923</u>	<u>424,167</u>	<u>30,000</u>	<u>5,082,089</u>
Less accumulated depreciation for				
Land improvements	2,123,448	46,184	-	2,169,632
Buildings and building improvements	1,326,636	23,409	-	1,350,045
Equipment, grounds keeping	175,373	48,217	14,250	209,340
Equipment, other	18,054	-	-	18,054
Vehicles	32,750	10,650	15,000	28,400
Total accumulated depreciation	<u>3,676,261</u>	<u>128,460</u>	<u>29,250</u>	<u>3,775,471</u>
Capital assets, net	<u>\$ 1,011,662</u>	<u>\$ 295,707</u>	<u>\$ 750</u>	<u>\$ 1,306,618</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

Component Units (Continued)

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Art	\$ 164,755	\$ -	\$ -	\$ 164,755
Rare book collection	442,800	-	-	442,800
Land	248,231	-	-	248,231
Total capital assets not being depreciated	<u>855,786</u>	<u>-</u>	<u>-</u>	<u>855,786</u>
Capital assets being depreciated				
Buildings and building improvements	5,183,465	16,679	-	5,200,145
Furnishings and computer equipment	110,918	9,237	-	120,155
Equipment	15,435	-	-	15,435
Vehicles	24,475	-	-	24,475
Library collection	3,242,079	157,010	-	3,399,089
Total capital assets being depreciated	<u>8,576,372</u>	<u>182,926</u>	<u>-</u>	<u>8,759,299</u>
Less accumulated depreciation for				
Buildings and building improvements	2,325,701	169,683	-	2,495,384
Furnishings and computer equipment	89,129	7,845	-	96,974
Equipment	15,435	-	-	15,435
Vehicles	24,475	-	-	24,475
Library collection	3,242,079	22,430	-	3,264,509
Total accumulated depreciation	<u>5,696,819</u>	<u>199,958</u>	<u>-</u>	<u>5,896,777</u>
Total capital assets being depreciated, net	<u>2,879,553</u>	<u>(17,032)</u>	<u>-</u>	<u>2,862,522</u>
Capital assets, net	<u>\$ 3,735,339</u>	<u>\$ (17,032)</u>	<u>\$ -</u>	<u>\$ 3,718,308</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

Component Units (Continued)

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 3,477,777	\$ -	\$ -	\$ 3,477,777
Construction in progress	351,453	-	3,777	347,676
Total capital assets not being depreciated	<u>3,829,230</u>	<u>-</u>	<u>3,777</u>	<u>3,825,453</u>
Capital assets being depreciated				
Buildings and improvements	51,479,948	405,515	-	51,885,463
Equipment	39,956,535	1,978,859	284,907	41,650,487
Total capital assets being depreciated	<u>91,436,483</u>	<u>2,384,374</u>	<u>284,907</u>	<u>93,535,950</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>46,561,415</u>	<u>6,839,037</u>	<u>10,586</u>	<u>53,411,038</u>
Total capital assets, being depreciated, net	<u>44,875,068</u>	<u>(4,454,663)</u>	<u>295,493</u>	<u>40,124,912</u>
Capital assets, net	<u>\$ 48,704,298</u>	<u>\$ (4,454,663)</u>	<u>\$ 299,270</u>	<u>\$ 43,950,365</u>

Note 7. County Debt

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 \$8,737,117 at June 30, 2014. The County had no outstanding debt subject to this limitation.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. County Debt (Continued)

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2014:

	Balance June 30, 2013	New Debt Incurred	Debt Retired	Balance June 30, 2014	Due Within One Year
Primary Government					
Governmental activities					
Capital lease obligations	\$ 437,323	\$ 270,535	\$ 184,912	\$ 522,946	\$ 108,390
Lease Revenue Bond					
Series 2006 A	1,215,000	-	1,215,000	-	
Lease Revenue Bond					
Series 2006 B	320,411	-	320,411	-	
Note payable with a bank	-	1,560,207	113,981	1,446,226	140,319
State Revolving Fund loan	293,582	-	13,114	280,468	13,442
Incurred but not reported claims (Note 13)	225,875	77,541	-	303,416	303,416
Reclamation liability and royalty payments (Note 12)	97,000	-	-	97,000	-
OPEB liability (Note 15)	693,852	115,804	-	809,656	-
Compensated absences (Note 1)	385,466	353,466	385,466	353,466	16,901
Repayment of sales tax due to incorrect distribution	368,822	-	92,205	276,617	92,205
	<u>\$ 4,037,331</u>	<u>\$ 2,377,553</u>	<u>\$ 2,325,089</u>	<u>\$ 4,089,795</u>	<u>\$ 674,673</u>
Business activities					
Bonds payable	\$ 3,280,000	\$ -	\$ 730,000	\$ 2,550,000	\$ 75,000
Compensated absences	27,611	-	3,006	24,605	-
	<u>\$ 3,307,611</u>	<u>\$ -</u>	<u>\$ 733,006</u>	<u>\$ 2,574,605</u>	<u>\$ 75,000</u>
Component Units					
Notes and capital leases	\$ 59,517	\$ 66,870	\$ -	\$ 126,387	\$ 30,327
Compensated absences	79,148	5,078	-	84,226	-
	<u>\$ 138,665</u>	<u>\$ 71,948</u>	<u>\$ -</u>	<u>\$ 210,613</u>	<u>\$ 30,327</u>

Capital lease obligations, compensated absences, incurred but not reported claims, and OPEB liability of the primary government are generally liquidated by the general fund. The reclamation liability and royalty payments of the primary government are generally liquidated by the Road Construction Fund. Repayment of sales and use tax due to incorrect distribution from the state will be repaid by both the general fund and capital facilities tax fund according to the sales and use tax distribution percentages to the general fund and capital facilities tax fund.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. County Debt (Continued)

Primary Government

During the fiscal year ended June 30, 2010, the Wyoming State Loan and Investment Board authorized a \$500,000 loan to the County through the Drinking Water and State Revolving Fund (“DWSRF”) Loan. The County relinquished \$181,141 in unused DWSRF loan funds in May 2011. As of June 30, 2014, the County had received \$318,858 in advances on this loan. The loan is amortized over 20 years with 2.5% interest. As of June 30, 2014, the County made principal payments of \$13,114 on this loan.

The debt requirement on the Drinking Water and State Revolving Fund Loan as of June 30, 2014 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 13,442	\$ 7,012	\$ 20,454
2016	13,778	6,676	20,454
2017	14,123	6,331	20,454
2018	14,476	5,978	20,454
2019	14,838	5,616	20,454
2020-2024	79,942	22,328	102,270
2025-2029	90,447	11,823	102,270
2030-2031	39,422	1,484	40,906
	<u>\$ 280,468</u>	<u>\$ 67,248</u>	<u>\$ 347,716</u>

Capital Leases Payable

Capital lease obligations collateralized by the assets noted as of June 30, 2014 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$56,338 including interest of 1.73%, through May 2018	\$ 215,951
Lease/Purchase obligation on heavy equipment, due in annual installments of \$38,649 including interest of 4.40%, through October 2016	151,574
Lease/Purchase obligation on heavy equipment, due in annual installments of \$33,451 including interest of 2.50%, through November 2018	155,421
	<u>522,946</u>
Less current maturities of capital lease obligations	108,390
	<u>\$ 414,556</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. County Debt (Continued)

Primary Government (Continued)

Capital Leases Payable (Continued)

In the event that the County is unable to appropriate funds for the rental payments for any fiscal year during the terms of the leases, the lease-purchase contracts will terminate on the last day of the fiscal year for which appropriations were received, without any penalty to the County. In the event of a termination under these circumstances, the County will return the equipment, and will not be obligated to pay the remaining scheduled rental payments. This debt is serviced by the General Fund.

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

<u>Year ending June 30,</u>	
2015	\$ 128,439
2016	128,439
2017	179,790
2018	89,887
2019 and thereafter	33,451
Total minimum lease payments	<u>560,006</u>
Less: amount representing interest	37,060
Present value of minimum lease payments	<u><u>\$ 522,946</u></u>

Lease Revenue Bond Anticipation Note

During the fiscal year ended June 30, 2004, the County issued a Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 at 4% interest to finance construction of the Sheridan County Law Enforcement Facility. In June 2006, the County issued Sheridan County Joint Powers Law Enforcement Center Lease Revenue Bonds Series A and B in the amount of \$1,400,000 at 4.375% interest and \$400,000 at 4.125% interest, respectively to refinance the Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 and to provide additional financing for the jail improvements. Rural Housing Service, U.S.D.A. purchased both of the Lease Revenue Bonds Series A and B. All revenue received by the County from outside boarding and work release programs operating in connection with the jail facility are assigned for payment of the Lease Revenue Bonds Series A and B. During the year ended June 30, 2014, the County refinanced the Lease Revenue Bonds Series A and B with a bank. The total amount refinanced was \$1,560,207 payable monthly at \$14,930 including interest at 2.810% due August 2023. The loan is unsecured.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. County Debt (Continued)

Primary Government (Continued)

Lease Revenue Bond Anticipation Note (Continued)

The scheduled principal and interest payments on the note payable to a bank as of June 30, 2014, are as follows:

<u>Year ending June 30,</u>	<u>Jail Loan Principal</u>	<u>Jail Loan Interest</u>	<u>Total</u>
2015	\$ 140,319	\$ 38,845	\$ 179,164
2016	144,220	34,945	179,165
2017	148,419	30,746	179,165
2018	152,643	26,521	179,164
2019	156,988	22,176	179,164
2020-2024	703,637	42,881	746,518
	<u>\$ 1,446,226</u>	<u>\$ 196,114</u>	<u>\$ 1,642,340</u>

This debt is serviced by the General Fund.

Repayment of Sales Tax

During the year ended June 30, 2012, the State of Wyoming discovered that sales and use tax in the amount of \$461,027 was incorrectly reported and paid to the County. The State and County agreed the amount will be repaid over 5 years in quarterly payments beginning on September 30, 2012. The state will not charge interest on the repayment of sales tax. The general and capital facilities tax funds are responsible for payment of this debt. Minimum annual payments are as follows:

2015	\$ 92,205
2016	92,205
2017	92,207
	<u>\$ 276,617</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. County Debt (Continued)

Revenue Bonds - Sheridan County Airport

In June 2013, the County issued Series 2013 Airport Revenue Refunding Bonds for the purpose of defeasing the Series 2005 Airport Revenue Refunding Bonds, financing the cost of eight new hangars and financing a new fueling station. The proceeds from the Series 2013 Airport Revenue Refunding Bonds to provide for the defeased Series 2005 Airport Revenue Refunding Bonds were placed in an escrow account to provide for all future debt service payments on those bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2014, \$575,000 of bonds outstanding are considered defeased.

A summary of the Airport Fund bonds payable as of June 30, 2014 is as follows:

Sheridan County Airport Revenue Bonds, Series 2013, interest at .5% to 3.25%, due in annual installments plus interest, through September 2027, redeemable to the extent of pledged airport revenues from passenger facility charges and hangar rentals \$ 2,550,000

The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2014, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 58,126	\$ 133,126
2016	100,000	57,400	157,400
2017	125,000	56,174	181,174
2018	150,000	54,470	204,470
2019	150,000	52,438	202,438
2020-2024	850,000	217,401	1,067,401
2025-2028	1,100,000	82,935	1,182,935
	<u>\$ 2,550,000</u>	<u>\$ 578,944</u>	<u>\$ 3,128,944</u>

Component Unit

Long-Term Debt Memorial Hospital of Sheridan County

As of June 30, 2014, the Memorial Hospital of Sheridan County had capital lease obligations of \$126,387 at an interest rate of 5.5%, secured by equipment.

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

<u>Year ending June 30,</u>	<u>Principal Notes and Capital Leases</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,327	\$ 6,510	\$ 36,837
2016	32,127	4,710	36,837
2017	34,034	2,803	36,837
2018	29,899	798	30,697
Total minimum payments	<u>\$ 126,387</u>	<u>\$ 14,821</u>	<u>\$ 141,208</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 8. Operating Leases

The County leases certain copiers and vehicles under non-cancelable operating leases. For the year ended June 30, 2014, rental expense was \$91,017.

Minimum annual payments under this lease are as follows:

2015	\$ 84,419
2016	64,430
2017	29,252
	<u>\$ 178,101</u>

The Memorial Hospital of Sheridan County leases various equipment and facilities under operating leases at various dates. The total building and equipment rent expense for the year ended June 30, 2014 was \$880,639. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2014, with initial or remaining lease terms in excess of one year are not considered material.

Note 9. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

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

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the regular employee, where the County pays 10% and the employee pays 4.62%. In addition the System statutorily requires 17.12% of the covered law enforcement plan, which the County contributes 11.9% and the law enforcement employee contributes 5.22%. The County's contributions to the System for law enforcement members and all other employees for the years ended June 30, 2014, 2013 and 2012 were approximately \$663,000, \$896,000, and \$882,000, respectively, equal to the required contributions for each year. For the year ended June 30, 2014 regular employees paid approximately \$94,940 and the law enforcement employees paid approximately \$187,463 which is included in the total County contribution noted above.

Effective July 1, 2014, the employee contribution will increase by 0.75% from 7.50% to 8.25%. In July 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The County will have the option to pay or not pay the additional employee contribution.

The component units, excluding the Memorial Hospital of Sheridan County, contributed to the System for the years ended June 30, 2014, 2013 and 2012 approximately \$144,000, \$148,000, and \$142,000, respectively, equal to the required contributions for each year for regular employees.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Defined Benefit and Contribution Pension Plans (Continued)

Pension - Memorial Hospital of Sheridan County

All new hires after December 15, 2005 will receive an employer dollar match each pay period on employee contributions made into a 457 retirement plan. The dollar for dollar employer match caps between 6% and 10% of eligible wages, depending on a years of service schedule.

Employees are fully vested after three years of continued service. The Memorial Hospital of Sheridan County's contributions for employees who leave employment before three years of service are used to reduce the Memorial Hospital of Sheridan County's current period contribution requirement.

Pension expense for the years ended June 30, 2014, 2013, and 2012 was \$1,947,953, \$1,751,988, and \$1,396,238, respectively. The expense is determined on an accrual basis.

Note 10. Deferred Compensation Plans

As required by the Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*, the County does not include assets in deferred compensation plans in the County's financial statements. The County's 457 plan document, in compliance with the Internal Revenue Code, requires all assets of the two deferred compensation plans offered to its employees to be held in trust for the exclusive benefit of the participants and their beneficiaries. The plans, available to all full-time employees (except for employees of the Weed and Pest Control District), permit employees to defer a portion of their salary. The deferred compensation and accumulated earnings thereon is not available to employees until termination, retirement, death, or unforeseeable emergency.

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SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Fund Equity

The County has designated an amount for emergency expenditures within several different funds as allowed by Wyoming Statute §16-4-105. The purpose is to provide cash to finance expenditures from the beginning of the budget year until general property taxes and other revenues are collected and to meet emergency expenditures.

At June 30, 2014, the County had the following assignments of fund balance:

Business incubator	\$ 37,433
Courthouse remodel	1,000,000
Detention center	500,000
Detention center/rural	110,000
Economic development	135,000
Emergency maintenance reserve	25,000
Emergency reserve	480,000
Equipment	100,000
General fund cash reserve	3,255,000
General fund insurance reserve	100,000
Health insurance reserve	300,000
Information and technology	250,000
Conservation reserve	35,000
Law enforcement and emergency services	350,000
Road and bridge	200,000
	<hr/>
	<u>\$ 6,877,433</u>

During the fiscal year ended June 30, 1999, the County approved the funding of the Sheridan Landfill Capital Reserve Account in the amount of \$360,000 to assist the City of Sheridan in the closure costs of the present City of Sheridan Solid Waste Landfill. This amount is included in the County's committed fund balance. The County will release these funds to the City of Sheridan upon the closure of the City's Solid Waste Landfill. In addition, the County has committed fund balances for the Lake DeSmet maintenance in the amount of \$33,750.

Note 12. Commitments and Contingencies

As of June 30, 2014, the County and the Airport had approximately \$745,150 and \$188,613, respectively, in outstanding contract commitments relating to various projects in construction in progress.

The County pays royalties to landowners for rights to mine gravel under a permit filed with the Department of Environmental Quality. At June 30, 2014, the County had five active pits under this permit. The County is required to reclaim the permit sites at which it is conducting gravel extraction activities once the activities have been completed. At June 30, 2014, the County's estimated liability for the reclamation of the active gravel pits is \$97,000. The estimated liabilities were included with noncurrent liabilities in the Statement of Net Position.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 12. Commitments and Contingencies (Continued)

The Memorial Hospital of Sheridan County, in the normal course of business, is threatened with or named as a defendant in various lawsuits. It is not possible to determine the ultimate disposition of these matters; however, the Hospital's management is of the opinion that there are no known claims or known contingent claims that are likely to have a material adverse effect on the results of operations, financial condition, or cash flows of the Hospital.

The Memorial Hospital of Sheridan County has entered into incentive agreements with three physicians. The agreements allow the physicians to request an income subsidy, based on their individual contracts, during months a net guaranteed practice income has not occurred. Income guarantees are repaid with future profits. Unpaid income subsidies at the end of the three-year agreements are payable to the Memorial Hospital of Sheridan County. The Memorial Hospital of Sheridan County has recorded a receivable from physicians of approximately \$243,000 as of June 30, 2014.

Note 13. Risk Management

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 Wyoming Association of Risk Management (WARM), a management risk pool and WARM property insurance pool and Local Government Liability Pool (LGLP). 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, \$1,500,000 per occurrence, and \$5,000,000 annual aggregate for federal and out-of-state claims. The coverage limit is \$1,000,000,000 per occurrence for all members combined of the WARM risk pool including various additional sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to WARM and LGLP by the County were approximately \$96,000 and \$70,000 respectively.

The County also participates in two other state sponsored, risk management programs under the Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan with only a few exceptions. This Act provides for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the County. The County makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and is a split rate between hazardous and non-hazardous positions. Amounts paid by the County to the State for Workers' Compensation during fiscal year 2014 and 2013 were approximately \$140,000 and \$137,000, respectively.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 13. Risk Management (Continued)

Wyoming Statute § 27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2014 and 2013 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2014	2013
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	45,676	32,156
Claims paid	(45,676)	(32,156)
Unpaid claims, end of year	\$ -	\$ -

The County also provides its' employees health care benefits for the primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$60,000 per year. The aggregate stop-loss limit is \$1,000,000. Premiums paid for stop-loss insurance were approximately \$353,000. 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. Changes in the County's health care risk management liability during the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Health care risk management liability, beginning of year	\$ 225,875	\$ 303,313
Claims incurred	2,092,291	1,394,330
Claims paid	(2,014,750)	(1,471,768)
Health care risk management liability, end of year	\$ 303,416	\$ 225,875

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

There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2014.

The Memorial Hospital of Sheridan County is insured for malpractice claims up to \$1,000,000 per claim with a \$3,000,000 aggregate under a commercial claims-made policy. There is additional umbrella coverage above this limit up to \$5,000,000. The Memorial Hospital of Sheridan County management does not believe there are any known claims as of June 30, 2014, for which the Hospital could ultimately be responsible if it did not renew its commercial claims-made policy.

Note 14. Transactions with Related Parties and with Component Units

The Memorial Hospital of Sheridan County holds securities with a financial institution where a related party has a significant controlling interest. The Memorial Hospital of Sheridan County's assets at the financial institution were \$1,700,242 for June 30, 2014.

During the fiscal year ended June 30, 2014, the County provided \$450,000, \$175,000, and \$1,255,000 in support to the Sheridan County Fair, Memorial Hospital of Sheridan County, and Sheridan County Public Library, respectively.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Other Postemployment Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, are associated with the period in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the County recognized the cost of postemployment healthcare in the year when employee services were received, reported the accumulated liability from prior years, and provided information useful in assessing potential demands on the County's future cash flows. Because the County adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The Sheridan County Health Benefit Plan (Plan), a multi-employer cost sharing defined benefit plan (The Plan does not issue separate external financial statements), allows covered County employees, including elected officials, to be eligible for the retired employee coverage under the Plan from the first day that the employee or elected official meets the following requirements as of the date of retirement or departure from office:

- a. Must be fifty years of age on the date of retirement with the County and has had at least four years of service with the County, or
- b. Has had at least twenty years of service with the County as of the date of retirement with the County, and
- c. Is covered under the Plan as an active employee as of the date of retirement.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County. The required contribution is based on projected pay-as-you-go financing requirements with retirees' premiums based on the actual expected cost of claims; an additional amount to prefund benefits could be contributed in any given year by the County. For fiscal year 2014, the retirees contributed by premiums \$12,547 to the plan. No additional monies were contributed by the County to prefund benefits. The County has funded any annual claims in excess of related premiums.

Annual OPEB Cost

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Other Postemployment Benefits (Continued)

Annual OPEB Cost (Continued)

Annual required contribution	\$ 164,318
Interest on prior year Net OPEB obligation	30,807
Adjustment to ARC	(33,135)
Annual OPEB cost (expense)	<u>161,990</u>
Contributions made	46,186
Increase in net OPEB obligation	<u>115,804</u>
Net OPEB obligation, beginning of year	<u>693,852</u>
Net OPEB obligation, end of year	<u><u>\$ 809,656</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 199,641	23.1%	\$ 669,290
June 30, 2013	\$ 162,072	84.8%	\$ 693,852
June 30, 2014	\$ 161,990	28.5%	\$ 809,656

Funded Status and Funding Progress

As of June 30, 2014, the plan was not funded. The actuarial accrued liability for benefits was \$809,656 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$1,329,616. The covered payroll (annual payroll of active employees covered by the plan) was \$4,978,760, and the ratio of the UAAL to the covered payroll was 27 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 15. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

In the June 30, 2014 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4.44 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, downgrading to 5% over a 6 year period. The UAAL is being amortized as a level percentage of projected payroll of the active members, both present and future, over a 30-year period from the valuation date; this is commonly referred to as a "rolling 30 year amortization method".

Note 16. Subsequent Events

Subsequent to June 30, 2014, the County approved \$329,498 in contracts for design services for the County Attorney parking lot and a construction contract for improvements to Barker and 5-mile road.

Note 17. Accounting Standards Issued, But Not Implemented

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

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

Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, amends Statement 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Management has not concluded its assessment of the effect of implementing this guidance.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2014

Infrastructure Assets Reported Using the Modified Approach

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

The County manages its road network with an assessment system conducted in house by the Public Works department. The network is assessed every two years, with the next assessment scheduled in fiscal year 2015. The roads may be rated as being in standard or substandard condition. Standard paved roads will not need major repairs for 10 to 20 years. Substandard paved roads will need major repairs within 0 to 10 years. Standard gravel roads will not need major repairs for 4 years. Substandard gravel roads will need major repairs within 0 to 5 years due to not having the proper structural base.

Effective July 1, 2009, it is the County's policy to maintain its paved roads with at least 33% rated as standard and to maintain its gravel roads with at least 33% rated as standard. The County added an additional category for dirt/unimproved roads which are not assessed or maintained. The number of miles of paved and gravel rated standard and substandard are as follows:

2014 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	72%	-	0%
Sub-standard	9.60	36%	120	28%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>
2013 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	69%	-	0%
Sub-standard	9.60	36%	120	31%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>
2012 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	69%	-	0%
Sub-standard	9.60	36%	120	31%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2014

Infrastructure Assets Reported Using the Modified Approach (Continued)

The County’s bridges are monitored by the State of Wyoming. The State uses a comprehensive bridge management system (PONTIS) to assist in managing all bridges within the State. Each bridge is inspected at least once every two years. This inspection measures and rates the required National Bridge Inventory (NBI) items, including dimensions, clearances, alignment, waterway data and structural condition. The structural condition is evaluated by using structural elements. Each component of the bridge (girders, deck, railing, columns, piling, etc.) is assigned an element and the condition of each element is evaluated based on several condition assessments. The element data is converted to NBI ratings using a conversion program. The structure’s NBI data is then used to determine its sufficiency rating. The sufficiency rating is calculated by the Federal Highway Administration, and bridges with a sufficiency rating of 80 or less and classified as structurally deficient and/or functionally obsolete are put on the Federal Highway Administration Selection List. Functional obsolescence is a measure of the suitability of the bridge to provide for requirements of traffic both on and under the structure. Structural deficiency is a measure of the condition of the structural elements and the ability of the bridge to carry the anticipated loads. Bridges appearing on the Selection List are considered deficient, whereas those not on the list, are considered acceptable. The bridge subsystem condition assessment is done every year. The County’s policy is to maintain 55% of bridges at borderline or better condition.

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

<u>Condition Rating</u>	2014	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	26	65.00%
Borderline (50 to 80 points)	5	12.50%
Deficient (less than 50 points)	9	22.50%
	<u>40</u>	<u>100.00%</u>

<u>Condition Rating</u>	2013	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	26	68.30%
Borderline (50 to 80 points)	5	7.30%
Deficient (less than 50 points)	9	24.40%
	<u>40</u>	<u>100.00%</u>

<u>Condition Rating</u>	2012	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	28	68.30%
Borderline (50 to 80 points)	3	7.30%
Deficient (less than 50 points)	10	24.40%
	<u>41</u>	<u>100.00%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2014

Infrastructure Assets Reported Using the Modified Approach (Continued)

The County's estimated maintenance and preservation expenditures on infrastructure assets as compared to actual expenditures on the budgetary basis are as follows:

	Roads			Bridges		
	Estimated	Actual	Variance	Estimated	Actual	Variance
Maintenance and preservation expenditures (budgetary basis)						
2009	\$ 6,628,103	\$ 3,649,874	\$ 2,978,229	\$ 1,624,347	\$ 300,157	\$ 1,324,190
2010	6,824,474	3,182,730	3,641,744	1,149,874	918,066	231,808
2011	6,707,719	5,966,094	741,625	-	-	-
2012	3,548,314	3,596,470	(48,156)	-	-	-
2013	3,642,696	3,591,378	51,318	161,000	78,817	82,183
2014	2,989,748	2,618,441	371,307	220,000	152,220	67,780

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

SCHEDULE OF FUNDING PROGRESS FOR
POSTEMPLOYMENT HEALTHCARE PLAN
Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (ALL)- (b)	Unfunded ALL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	\$ -	\$ 1,244,801	\$ 1,244,801	0%	\$ 7,572,631	16.4%
June 30, 2010	\$ -	\$ 1,244,801	\$ 1,244,801	0%	\$ 7,572,631	16.4%
June 30, 2011	\$ -	\$ 1,396,173	\$ 1,396,173	0%	\$ 6,118,681	22.8%
June 30, 2012	\$ -	\$ 1,396,173	\$ 1,396,173	0%	\$ 6,118,681	22.8%
June 30, 2013	\$ -	\$ 1,329,616	\$ 1,329,616	0%	\$ 4,884,445	27.2%
June 30, 2014	\$ -	\$ 1,329,616	\$ 1,329,616	0%	\$ 4,978,760	26.7%

Note: The actuarial calculations are prepared every other year; thus, amounts in 2012nd 2014 are the same as in the previous year.

**Actuarial Assumptions, Methods, and Additional Information Used for
Determining the Annual Contribution**

1. Valuation Date June 30, 2013
2. Actuarial Cost Method Projected Unit Credit (PUC)
3. Amortization Method Open basis level % of pay
4. Remaining Amortization Period 30 years
5. Asset Valuation Method Cash
6. Actuarial Assumptions
 - a. Discount rate 4.44%
 - b. Healthcare Cost Trend Rate (HCCTR) 8% (decreasing over time)
 - c. Assumed Rates of Increase Applied to Retiree Premiums 8% to 5% over 6 years
 - d. Rate of Annual Salary Growth 3%

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

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

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 11,808,000	\$ 11,808,000	\$ 12,066,172	\$ 258,172
Licenses and permits	185,500	185,500	236,131	50,631
Charges for services	1,336,700	1,336,700	1,360,327	23,627
Miscellaneous	583,000	583,000	701,911	118,911
One cent optional tax	1,768,300	1,768,300	1,939,364	171,064
Enhanced emergency 911 tax	276,500	276,500	265,877	(10,623)
Emergency management	50,216	50,216	23,497	(26,719)
Grant revenue	2,297,566	3,222,974	1,804,050	(1,418,924)
Grant revenue, pass-through	300,000	300,000	300,000	-
WIC	47,760	47,760	38,235	(9,525)
Rents, royalties, interest and fines	108,000	108,000	177,589	69,589
Total revenues	18,761,542	19,686,950	18,913,153	(773,797)
Expenditures				
County commissioners	429,547	429,547	416,311	13,236
County clerk	501,095	501,095	486,991	14,104
Elections	193,883	193,883	187,765	6,118
Administration	315,043	315,043	306,722	8,321
County treasurer	394,971	394,971	390,223	4,748
County assessor	619,196	619,196	596,238	22,958
County attorney	985,480	985,480	914,321	71,159
Circuit court	4,000	4,000	3,527	473
County coroner	72,120	77,720	77,690	30
Clerk of district court	477,548	486,948	486,922	26
Building and maintenance	374,919	374,919	367,194	7,725
Information technology	452,576	452,576	411,097	41,479
Fixed costs	2,789,769	2,772,869	2,440,034	332,835
One cent optional	1,768,300	1,768,300	1,696,539	71,761
General government	9,378,447	9,376,547	8,781,574	594,973
County sheriff	2,167,181	2,167,181	2,043,736	123,445
Detention center	2,607,379	2,607,379	2,350,714	256,665
E911	329,180	329,180	326,434	2,746
Emergency management	50,216	52,116	52,053	63
Public safety	5,153,956	5,155,856	4,772,937	382,919

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

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

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Public works	\$ 959,444	\$ 959,444	\$ 926,564	\$ 32,880
Road and bridge	1,158,927	1,158,927	1,014,971	143,956
Public works	2,118,371	2,118,371	1,941,535	176,836
WIC	47,760	47,760	27,651	20,109
Community health	552,593	552,593	458,663	93,930
Health, welfare and recreation	600,353	600,353	486,314	114,039
County extention	147,778	147,778	133,898	13,880
Conservation of natural resources	147,778	147,778	133,898	13,880
Capital funding	512,000	512,000	415,051	96,949
Capital outlay	512,000	512,000	415,051	96,949
Grants	733,683	1,467,558	677,164	790,394
Pass through grants	300,000	300,000	221,130	78,870
Grants	1,033,683	1,767,558	898,294	869,264
Total expenditures	18,944,588	19,678,463	17,429,603	2,248,860
Excess (deficiency) of revenues over expenditures	(183,046)	8,487	1,483,550	(1,475,063)
Other financing uses				
Transfers out	-	-	(1,073,679)	(1,073,679)
Total other financing uses	-	-	(1,073,679)	1,073,679
Net change in fund balance	(183,046)	8,487	409,871	\$ 401,384
Fund balance, beginning of year	8,307,610	8,307,610	8,307,610	
Fund balance, end of year	\$ 8,124,564	\$ 8,316,097	\$ 8,717,481	

Note: The County receipts all grants in the General Fund and transfers revenue related to projects accounted for in the Capital Facilities Tax Fund to that fund.

SHERIDAN COUNTY, WYOMING

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

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,504,000	\$ 1,504,000	\$ 1,697,238	\$ 193,238
Intergovernmental	-	-	11,684	11,684
Investment income	-	-	633	633
	<u>1,504,000</u>	<u>1,504,000</u>	<u>1,709,555</u>	<u>205,555</u>
Expenditures				
Capital outlay	3,209,749	3,209,749	2,770,663	439,086
Total expenditures	<u>3,209,749</u>	<u>3,209,749</u>	<u>2,770,663</u>	<u>439,086</u>
Excess (deficiency) of revenues over expenditures	(1,705,749)	(1,705,749)	(1,061,108)	644,641
Other financing sources				
Transfers in	-	-	1,221,679	1,221,679
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,221,679</u>	<u>1,221,679</u>
Net change in fund balance	(1,705,749)	(1,705,749)	160,571	<u>\$ 1,866,320</u>
Fund balance, beginning of year	<u>17,865</u>	<u>17,865</u>	<u>17,865</u>	
Fund balance, end of year	<u>\$ (1,687,884)</u>	<u>\$ (1,687,884)</u>	<u>\$ 178,436</u>	

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

Note 1. Basis of Budgeting

The County's budgets and related appropriations are prepared on a basis of cash receipts and cash disbursements whereas the County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The budgetary presentation differences relate to the variance in classification of certain revenues and expenses. The adjustments necessary to convert GAAP basis revenues and expenditures of the general fund are as follows.

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 13,310,988	\$ (137,369)	\$ (1,107,447)	\$ 12,066,172
Licenses and permits	235,996	(353)	488	236,131
Intergovernmental	3,920,089	(22,182)	(3,897,907)	-
Charges for services	887,413	(7,379)	480,293	1,360,327
Investment income	112,867	(1)	(112,866)	-
Miscellaneous	17,240	(863)	685,534	701,911
One cent optional tax	-	-	1,939,364	1,939,364
Enhanced emergency 911 tax	-	-	265,877	265,877
Emergency management	-	-	23,497	23,497
Grant revenue	-	-	1,804,050	1,804,050
Grant revenue, pass-through	-	-	300,000	300,000
WIC	-	-	38,235	38,235
Rents, royalties, interest and fines	-	-	177,589	177,589
	<u>\$ 18,484,593</u>	<u>\$ (168,147)</u>	<u>\$ 596,707</u>	<u>\$ 18,913,153</u>
Expenditures				
General government	\$ 7,791,576	\$ 695,195	\$ 294,803	\$ 8,781,574
Public safety	4,582,150	149,451	41,336	4,772,937
Public works	1,878,800	62,735	-	1,941,535
Health, welfare and recreation	809,876	(36,558)	(287,004)	486,314
Conservation of natural resources	133,893	5	-	133,898
Debt service: Principal	371,984	(371,984)	-	-
Interest	48,728	(48,728)	-	-
Capital outlay	1,352,785	9,697	(947,431)	415,051
Grants	-	-	898,294	898,294
Transfers out	-	-	1,073,679	1,073,679
	<u>\$ 16,969,792</u>	<u>\$ 459,813</u>	<u>\$ 1,073,677</u>	<u>\$ 18,503,282</u>

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

Note 1. Basis of Budgeting (Continued)

Adjustments necessary to convert GAAP basis revenues and expenditures of the capital facilities tax fund are as follows:

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 1,757,380	\$ (60,142)	\$ -	\$ 1,697,238
Intergovernmental revenues	13,728	(2,044)	-	11,684
Investment income	633	-	-	633
	<u>\$ 1,771,741</u>	<u>\$ (62,186)</u>	<u>\$ -</u>	<u>\$ 1,709,555</u>
Expenditures				
Debt service: Principal	\$ 32,228	\$ (32,228)	\$ -	\$ -
Capital outlay	2,234,140	536,523	\$ -	2,770,663
	<u>\$ 2,266,368</u>	<u>\$ 504,295</u>	<u>\$ -</u>	<u>\$ 2,770,663</u>

OTHER SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 531,865	\$ 31,865
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>531,865</u>	<u>31,865</u>
Expenditures:				
Capital outlay	2,000	2,000	2,000	-
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>498,000</u>	<u>498,000</u>	<u>529,865</u>	<u>31,865</u>
Other financing sources (uses)				
Transfers in	-	-	2,000	2,000
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(150,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(148,000)</u>	<u>(48,000)</u>
Net change in fund balance	398,000	398,000	381,865	<u>\$ (16,135)</u>
Fund balance, beginning of year	<u>328,194</u>	<u>328,194</u>	<u>328,194</u>	
Fund balance, ending of year	<u>\$ 726,194</u>	<u>\$ 726,194</u>	<u>\$ 710,059</u>	

SHERIDAN COUNTY, WYOMING

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

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax	\$ 1,048,338	\$ 1,048,338	\$ 1,043,408	\$ (4,930)
Grants	175,000	175,000	-	(175,000)
Charges for services	80,000	80,000	101,617	21,617
Investment income	2,800	2,800	1,819	(981)
Miscellaneous	50,550	50,550	59,385	8,835
Total revenues	<u>1,356,688</u>	<u>1,356,688</u>	<u>1,206,229</u>	<u>(150,459)</u>
Expenditures				
Conservation of natural resources	1,804,727	1,804,727	1,349,891	454,836
Capital outlay	74,500	74,500	48,772	25,728
Total expenditures	<u>1,879,227</u>	<u>1,879,227</u>	<u>1,398,663</u>	<u>480,564</u>
Excess (deficiency) of revenues over (under) expenditures	(522,539)	(522,539)	(192,434)	<u>\$ 330,105</u>
Fund balance, beginning of year	<u>1,452,993</u>	<u>1,452,993</u>	<u>1,452,993</u>	
Fund balance, end of year	<u>\$ 930,454</u>	<u>\$ 930,454</u>	<u>\$ 1,260,559</u>	

SHERIDAN COUNTY, WYOMING

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

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Charges for services	41,100	41,100	75,691	34,591
Public support	6,700	6,700	16,625	9,925
Investment income	950	950	1,493	543
Miscellaneous	-	-	26,450	26,450
Total revenues	<u>498,750</u>	<u>498,750</u>	<u>570,259</u>	<u>71,509</u>
Expenditures				
Health, welfare and recreation	498,750	498,750	521,846	(23,096)
Total expenditures	<u>498,750</u>	<u>498,750</u>	<u>521,846</u>	<u>(23,096)</u>
Excess of revenues over expenses	-	-	48,413	<u>\$ 48,413</u>
Fund balance, beginning of year	<u>452,148</u>	<u>452,148</u>	<u>452,148</u>	
Fund balance, end of year	<u>\$ 452,148</u>	<u>\$ 452,148</u>	<u>\$ 500,561</u>	

SHERIDAN COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SHERIDAN COUNTY PUBLIC LIBRARY
 (EXCLUDING SHERIDAN COUNTY LIBRARY FOUNDATION)
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 1,223,000	\$ 1,223,000	\$ 1,225,000	\$ 2,000
Grants	4,000	-	30,114	30,114
Contribution to the endowment	-	-		-
Charges for services	32,000	32,000	34,513	2,513
Fulmer Trust	50,000	50,000	55,000	5,000
Sheridan County Library Foundation	73,000	73,000	65,289	(7,711)
Friends of the Library	50,000	50,000	50,000	-
Investment income	250	250	223	(27)
Total revenues	<u>1,432,250</u>	<u>1,428,250</u>	<u>1,460,139</u>	<u>31,889</u>
Expenditures				
Health, welfare and recreation	1,516,550	1,516,550	1,489,436	27,114
Total expenditures	<u>1,516,550</u>	<u>1,516,550</u>	<u>1,489,436</u>	<u>27,114</u>
Excess (deficiency) of revenues over (under) expenditures	(84,300)	(88,300)	(29,297)	<u>\$ 59,003</u>
Fund balance, beginning of year	<u>134,258</u>	<u>134,258</u>	<u>134,258</u>	
Fund balance, end of year	<u>\$ 49,958</u>	<u>\$ 45,958</u>	<u>\$ 104,961</u>	

SHERIDAN COUNTY, WYOMING

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

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 104,961	\$ 190,645	\$ 295,606
Investments	-	2,800,206	2,800,206
Capital assets not being depreciated	855,786	-	855,786
Capital assets being depreciated, net of accumulated depreciation	2,862,522	-	2,862,522
Total assets	<u>3,823,269</u>	<u>2,990,851</u>	<u>6,814,120</u>
LIABILITIES			
Noncurrent liabilities			
Due in more than one year	47,300	-	47,300
Total current liabilities	<u>47,300</u>	<u>-</u>	<u>47,300</u>
NET POSITION			
Invested in capital assets, net of related debt	3,718,308	-	3,718,308
Permanently restricted by donors	-	1,232,127	1,232,127
Unrestricted	57,661	1,758,724	1,816,385
Total net position	<u>\$ 3,775,969</u>	<u>\$ 2,990,851</u>	<u>\$ 6,766,820</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION
 Year Ended June 30, 2014

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
Revenues			
Intergovernmental revenues	\$ 1,285,617	\$ -	\$ 1,285,617
Charges for services	34,684	9,600	44,284
Investment income	223	370,580	370,803
Contributions	55,000	276,038	331,038
Miscellaneous	-	9,270	9,270
Total revenues	<u>1,375,524</u>	<u>665,488</u>	<u>2,041,012</u>
Expenses			
Current			
Health, welfare and recreation	1,305,490	292,223	1,597,713
Capital outlay	199,958	-	199,958
Total expenditures	<u>1,505,448</u>	<u>292,223</u>	<u>1,797,671</u>
Deficiency of revenues over expenditures	<u>(129,924)</u>	<u>373,265</u>	<u>243,341</u>
Other financing sources (uses)			
Transfers out	(29,499)	(81,034)	(110,533)
Transfers in	81,034	29,499	110,533
Contributions to an endowment	8,049	4,075	12,124
	<u>59,584</u>	<u>(47,460)</u>	<u>12,124</u>
Net change in fund balance	(70,340)	325,805	255,465
Net position, beginning of year,	<u>3,846,309</u>	<u>2,665,046</u>	<u>6,511,355</u>
Net position, end of year	<u>\$ 3,775,969</u>	<u>\$ 2,990,851</u>	<u>\$ 6,766,820</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
MEMORIAL HOSPITAL OF SHERIDAN COUNTY AND FOUNDATION

June 30, 2014

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 5,862,199	\$ 1,132,917	\$ -	\$ 6,995,116
Investments	-	10,630,483	-	10,630,483
Current portion of assets limited as to use	765,454	-	-	765,454
Patient accounts receivable, net	7,919,755	-	-	7,919,755
Other receivables	638,222	875,927	-	1,514,149
Prepaid items and other current assets	429,173	-	-	429,173
Inventory	1,938,097	-	-	1,938,097
Assets limited as to use, less current portion	17,710,559	-	-	17,710,559
Capital assets not being depreciated	3,825,453	-	-	3,825,453
Capital assets being depreciated, net of accumulated depreciation	40,124,912	-	-	40,124,912
Other assets, long-term	525,212	998,527	-	1,523,739
Total assets	<u>79,739,036</u>	<u>13,637,854</u>	<u>-</u>	<u>93,376,890</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	5,488,129	-	-	5,488,129
Due to third-party payors	2,714,225	-	-	2,714,225
Noncurrent liabilities				
Due within one year	30,327	-	-	30,327
Due in more than one year	96,060	-	-	96,060
Total current liabilities	<u>8,328,741</u>	<u>-</u>	<u>-</u>	<u>8,328,741</u>
Deferred inflows of resources				
Deferred taxes	88,457	-	-	88,457
Total deferred inflows of resources	<u>88,457</u>	<u>-</u>	<u>-</u>	<u>88,457</u>
NET POSITION				
Invested in capital assets, net of related debt	43,823,978	-	-	43,823,978
Restricted for special purpose funds	377,692	7,225,517	-	7,603,209
Permanently restricted by donors	-	914,061	-	914,061
Unrestricted	27,120,168	5,498,276	-	32,618,444
Total net position	<u>\$ 71,321,838</u>	<u>\$ 13,637,854</u>	<u>\$ -</u>	<u>\$ 84,959,692</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MEMORIAL HOSPITAL OF SHERIDAN COUNTY AND FOUNDATION

Year Ended June 30, 2014

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
Revenues				
Charges for services	\$ 69,247,394	\$ -	\$ -	\$ 69,247,394
Investment income	786,219	1,403,689	-	2,189,908
Other operating revenue	926,599	-	-	926,599
Total revenues	<u>70,960,212</u>	<u>1,403,689</u>	<u>-</u>	<u>72,363,901</u>
Expenses				
Current				
Health and welfare	<u>72,356,775</u>	<u>267,442</u>	<u>-</u>	<u>72,624,217</u>
Total expenditures	<u>72,356,775</u>	<u>267,442</u>	<u>-</u>	<u>72,624,217</u>
Excess (deficiency) of revenues over expenditures	<u>(1,396,563)</u>	<u>1,136,247</u>	<u>-</u>	<u>(260,316)</u>
Other financing sources (uses)				
Non-operating gains	2,042,855	-	-	2,042,855
Contributions	1,114,186	937,834	(1,278,399)	773,621
Net change in restricted assets	172,030	-	-	172,030
Transfers in (out)	-	(1,278,399)	1,278,399	-
	<u>3,329,071</u>	<u>(340,565)</u>	<u>-</u>	<u>2,988,506</u>
Net change in net position	1,932,508	795,682	-	2,728,190
Net position, beginning of year	69,389,330	12,842,172	-	82,231,502
Net position, end of year	<u>\$ 71,321,838</u>	<u>\$ 13,637,854</u>	<u>\$ -</u>	<u>\$ 84,959,692</u>

SINGLE AUDIT

INTERNAL CONTROL AND COMPLIANCE INFORMATION

SHERIDAN COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	\$ 38,235
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance <i>Forest Service Schools and Roads Cluster</i>	10.664	09-DG-1102000-027	7,384
Passed through Wyoming State Treasurer Schools and Roads - Grants to States <i>Total Forest Service Schools and Roads Cluster</i>	10.665	-	180,227
			<u>180,227</u>
Passed through Wyoming State Forestry Division Rural Development, Forestry, and Communities Total U.S. Department of Agriculture	10.672	09-DG-1102000-060	1,839
			<u>227,685</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG - State-Administered CDBG Cluster</i>			
Passed through Wyoming Business Council Community Development Block Grants State's Program and non-entitlement grants in Hawaii <i>Total CDBG - State-Administered CDBG Cluster</i>	14.228	-	6,215
			<u>6,215</u>
Passed through Wyoming Department of Health Housing Opportunities for Persons with AIDS Total U.S. Department of Housing and Urban Development	14.241	-	870
			<u>7,085</u>
<u>U.S. Department of Justice</u>			
Passed through Volunteers of America Northern Rockies Juvenile Justice and Delinquency Prevention Allocation to States	16.540	-	10,305
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	-	3,510
			<u>13,815</u>
<i>JAG Program Cluster</i>			
Passed through Wyoming Attorney General Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States and Territories	16.803 ARRA	-	5,481
			<u>5,481</u>
Total U.S Department of Justice			<u>19,296</u>

(Continued)

See notes to the schedule of expenditures of federal awards

SHERIDAN COUNTY, WYOMING

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation			
Airport Improvement Program	20.106	AIP-3-56-0027-0044	\$ 17,287
Airport Improvement Program	20.106	AIP-3-56-0027-0045	262,872
Airport Improvement Program	20.106	AIP-3-56-0027-0046	640,520
Airport Improvement Program	20.106	AIP-3-56-0027-0047	84,518
Airport Improvement Program	20.106	AIP-3-56-0027-0048	99,573
			<u>1,104,770</u>
Passed through Wyoming Department of Transportation			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	CN03035	127,436
Highway Planning and Construction	20.205	CM 0.00 CM1308	333,916
<i>Total Highway Planning and Construction Cluster</i>			<u>461,352</u>
Passed through Wyoming Department of Transportation			
<i>Highway Safety Cluster</i>			
Highway Safety	20.600	CN03036	95,917
Highway Safety	20.600	CN03038	37,396
<i>Total Highway Safety Cluster</i>			<u>133,313</u>
Passed through Wyoming Department of Transportation			
Alcohol Open Container Requirements	20.607	12-154AL07	4,950
Alcohol Open Container Requirements	20.607	-	2,800
Passed through Association of Sheriffs and Police			
Alcohol Open Container Requirements	20.607	-	25,443
			<u>33,193</u>
Total U.S. Department of Transportation			<u>1,732,628</u>

(Continued)

SHERIDAN COUNTY, WYOMING

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health			
Centers for Disease Control and Prevention			
Public Health Emergency Preparedness	93.069	-	\$ 22,000
Public Health Emergency Preparedness	93.069	-	9,600
			<u>31,600</u>
Passed through Wyoming Department of Family Services			
<i>TANF Cluster</i>			
Temporary Assistance for Needy Families	93.558	-	15,964
Passed through Wyoming Department of Health			
Temporary Assistance for Needy Families	93.558	-	44,167
Total <i>TANF Cluster</i>			<u>60,131</u>
Passed through Wyoming Department of Health			
Community Services Block Grant	93.569	SHRD 0820	44,726
Community Services Block Grant	93.569	-	118,422
			<u>163,148</u>
Passed through Wyoming Department of Family Services			
<i>CCDF Cluster</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	12,442
Total <i>CCDF Cluster</i>			<u>12,442</u>
Passed through Wyoming Secretary of State			
Voting Access for Individuals with Disabilities	93.617	-	1,337
Passed through Wyoming Department of Family Services			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	1
Recovery: Foster Care - Title IV-E	93.658	-	4
Social Services Block Grant	93.667	-	8
Passed through Wyoming Department of Health			
HIV Care Formula Grants	93.917	-	4,888
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	-	4,071
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and HIV Prevention Activities Health Department Based Preventive Health Services,	93.940	-	6,904
Sexually Transmitted Diseases Control Grants	93.977	-	2,180
Total U.S. Department of Health and Human Services			<u>286,714</u>
			(Continued)

See notes to the schedule of expenditures of federal awards

SHERIDAN COUNTY, WYOMING

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>Executive Office of the President</u>			
High Intensity Drug Trafficking Areas Program	95.001	-	\$ 275
Total Executive Office of the President			<u>275</u>
<u>Office of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Hazard Mitigation Grant	97.039	13FEMA-SHE-HM-4007H7	\$ 57,085
Hazard Mitigation Grant	97.039	13FEMA-SHE-HM-4007H9	113,272
			<u>170,357</u>
Emergency Management Performance Grants	97.042	13-GDP-SHE-EM-GCF13	<u>23,497</u>
Homeland Security Grant Program	97.067	11-GDP-SHE-LS-HLE11	10,472
Homeland Security Grant Program	97.067	11-GDP-SHE-SC-HSG11	70,511
Homeland Security Grant Program	97.067	12-GDP-SHE-SC-HSG12	34,829
Homeland Security Grant Program	97.067	12-GDP-SHE-LS-HLE12	4,148
Total Homeland Security Grant Program			<u>119,960</u>
Total Office of Homeland Security			<u>313,814</u>
			<u>\$ 2,587,497</u>

See notes to the schedule of expenditures of federal awards

SHERIDAN COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Sheridan County, Wyoming and is presented on the accrual 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. The schedule does not include expenditures of federal awards by the Sheridan Memorial Hospital, a component unit for which separate financial statements and schedule of expenditures of federal awards were issued in accordance with paragraph .500(a) of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*.

Note 2. Subrecipients

Of the Federal expenditures presented in the schedule, Sheridan County, Wyoming provided funds from the following programs to subrecipients.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount provided to subrecipients</u>
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	\$ 13,815
TANF	93.558	44,167
Community Services Block Grant	93.569	163,148
		<u>\$ 221,130</u>

Note 3. Airport Improvement Grant Revenue

During the fiscal year ended June 30, 2014, the Sheridan County Airport received the following revenues from Airport Improvement Grants passed through the Wyoming Transportation Department:

AIP-3-56-0027-0044	\$ 15,995
AIP-3-56-0027-0045	255,898
AIP-3-56-0027-0046	654,195
	<u>\$ 926,088</u>

SHERIDAN COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

Note 4. Payment in Lieu of Taxes – CFDA 15.226

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under OMB Circular No. A-87. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there is no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2014, the County recognized \$965,581 of PILT entitlement as income.



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sheridan County, Wyoming

We have audited, in accordance with the 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sheridan County's basic financial statements, and have issued our report thereon dated December 19, 2014. Our report includes a reference to other auditors. Other auditors audited the financial statements for the Memorial Hospital of Sheridan County as described in our report on Sheridan County, Wyoming's financial statements. This report does not include the results of the other auditor's 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 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, 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 the internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is intended 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
December 19, 2014



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sheridan County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sheridan County, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sheridan County, Wyoming's major Federal programs for the year ended June 30, 2014. Sheridan County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sheridan County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Sheridan County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Sheridan County, Wyoming's basic financial statements include the operations of the Memorial Hospital of Sheridan County, a discretely presented component unit. Our audit described above, did not include the operations of the Memorial Hospital of Sheridan County because the component unit engaged other auditors to perform its audit. The report of those auditors did not reference any federal awards being expended by the Memorial Hospital of Sheridan County. Our responsibility is to express an opinion on Sheridan County, Wyoming's compliance based on our audit.

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

Opinion on Each Major Federal Program

In our opinion, Sheridan County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Sheridan 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 Sheridan County, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 purposes.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 19, 2014

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major 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 programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 1,104,770
97.067	Homeland Security Grant Program	\$ 119,960

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

(Continued)

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2014

**PART II FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED
GOVERNMENT AUDITING STANDARDS**

Internal Control Matters

None reported.

Compliance Findings

None reported

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SHERIDAN COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2014

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