

SHERIDAN COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2015

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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, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2015, and the related notes to the financial statements. These financial statements 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 Memorial Hospital of Sheridan County, which represents 76 percent, 75 percent, and 94 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us. 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion on the aggregate discretely presented component units.

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

Except for the matter described in the Basis for Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
Governmental Fund – General Fund	Unmodified
Governmental Fund – Capital Facilities Tax Fund	Unmodified
Governmental Fund – Road Construction Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Memorial Hospital of Sheridan County were audited by other auditors. During our audit, we became aware of matters creating uncertainty as to the sufficiency of the work of the other auditors. Additionally, it was impracticable to extend our audit procedures sufficiently to allow us to express an opinion on the financial statements of the Memorial Hospital of Sheridan County, nor were we engaged to do so. The financial statements of the Memorial Hospital of Sheridan County, represent 76 percent, 75 percent and 94 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units which represents a significant portion of the aggregate discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of Sheridan County, Wyoming. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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, pension schedules, 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, infrastructure assets reported using the modified approach, and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information 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 31, 2015, 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 31, 2015

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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, 2015. 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 and deferred outflows exceeded liabilities and deferred inflows of resources as of June 30, 2015 by \$74,844,246 (net position). Of this amount \$5,119,883 (unrestricted net position) may be used to meet ongoing obligations, and \$67,872,886 is invested in capital assets, net of related debt.

As of June 30, 2015, the County's governmental funds reported combined fund balances of \$11,964,359. Unassigned fund balance of the combined fund balance was \$1,408,939.

The fund balance for the general fund was \$10,321,117 as of June 30, 2015, with an unassigned fund balance of \$1,408,939.

The County participates in the Public Employees' Pension Plan and Law Enforcement Pension Plan, statewide cost-sharing multiple-employer public employee retirement plans administered by the State of Wyoming Retirement System. Implementation of GASB 68 and 71 in fiscal year 2015 required the County to record its proportional share of the overall plan's net unfunded liability. This resulted in recording a net pension liability of \$4,852,398 and \$3,846,177 as of June 30, 2015 and 2014, respectively. All plan components, including major components of participation, eligibility, investment strategy, benefits structure, contribution rates and plan administration are overseen by the Wyoming Retirement System. The County has no control of the plan elements that affect the net position.

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 annual report, in accordance with required reporting standards, consists of five components 1) management's discussion and analysis (this section); 2) government - wide financial statements; 3) fund financial statements, 4) discretely presented component units, and 5) 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.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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

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

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

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

The government - wide financial statements include not only 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.

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.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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.

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

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.

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

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

Required Supplementary Information is presented concerning the County's General and Capital Projects Funds budgetary schedules, infrastructure assets reported using the modified approach, funding progress for postemployment healthcare plan, and pension schedules. The County adopts an annual budget for all major funds. A budgetary comparison schedule has been provided to demonstrate compliance with General and Capital Projects Funds budget.

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.

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 \$74,844,246. By far the largest portion of the County's net position (91%) 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 \$1,981,756 in outstanding debt related to its capital assets. The unrestricted net position of \$5,119,883 (7%) may be used to meet the County's ongoing obligations.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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

	2015	Variance	As restated 2014
ASSETS			
Current assets	\$ 19,716,037	\$ (1,097,106)	\$ 20,813,143
Capital assets, net of accumulated depreciation	50,308,399	1,238,276	49,070,123
Total assets	<u>70,024,436</u>	<u>141,170</u>	<u>69,883,266</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>988,125</u>	<u>543,948</u>	<u>444,177</u>
LIABILITIES			
Current liabilities	1,935,607	106,172	1,829,435
Due in more than one year	3,171,677	(243,445)	3,415,122
Net pension liability	4,467,910	621,733	3,846,177
Total liabilities	<u>9,575,194</u>	<u>484,460</u>	<u>9,090,734</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,576,113</u>	<u>(287,048)</u>	<u>5,863,161</u>
NET POSITION			
Invested in capital assets, net of related debt	49,632,550	1,365,841	48,266,709
Restricted	1,587,600	371,371	1,216,229
Unrestricted	4,641,104	(1,249,506)	5,890,610
Total net position, as restated	<u>\$ 55,861,254</u>	<u>\$ 487,706</u>	<u>\$ 55,373,548</u>

The County's net position for the business-type activities as of June 30, 2015 was as follows:

	2015	Variance	As restated 2014
ASSETS			
Current assets	\$ 1,199,281	\$ (379,755)	\$ 1,579,036
Capital assets, net of accumulated depreciation	20,715,336	(384,029)	21,099,365
Total assets	<u>21,914,617</u>	<u>(763,784)</u>	<u>22,678,401</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>62,771</u>	<u>35,123</u>	<u>27,648</u>
LIABILITIES			
Current liabilities	204,747	(73,358)	278,105
Due in more than one year	2,405,161	(94,444)	2,499,605
Net pension liability	384,488	45,013	339,475
Total liabilities	<u>2,994,396</u>	<u>(122,789)</u>	<u>3,117,185</u>
NET POSITION			
Invested in capital assets, net of related debt	18,240,336	(309,029)	18,549,365
Restricted	263,877	838	263,039
Unrestricted	478,779	(297,681)	776,460
Total net position, as restated	<u>\$ 18,982,992</u>	<u>\$ (605,872)</u>	<u>\$ 19,588,864</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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

Revenues	2015	Percentage	2014	Percentage	Variance
General					
Taxes	\$14,919,173	72.42%	\$15,304,070	71.05%	\$ (384,897)
Payments in lieu of taxes	874,961	4.25%	965,581	4.48%	(90,620)
Investment income	69,858	0.34%	113,500	0.53%	(43,642)
Miscellaneous revenue	238,336	1.16%	38,912	0.18%	199,424
Other grants and contributions	854,561	4.15%	1,382,311	6.42%	(527,750)
Program Revenues				0.00%	-
Charges for services	1,393,815	6.76%	1,461,069	6.78%	(67,254)
Operating grants and contributions	721,765	3.50%	1,261,181	5.86%	(539,416)
Capital grants contributions	1,529,824	7.42%	1,012,318	4.70%	517,506
Total revenues	20,602,293	100.00%	21,538,942	100.00%	(936,649)
Expenses					
General government	10,353,183	50.28%	9,076,108	50.76%	1,277,075
Public safety	5,153,362	25.02%	4,686,880	26.21%	466,482
Public works	2,280,195	11.07%	2,328,856	13.03%	(48,661)
Health, welfare, and recreation	819,356	3.98%	809,876	4.53%	9,480
Conservation of natural resources	147,902	0.72%	133,893	0.75%	14,009
Capital outlay	1,773,740	8.61%	771,044	4.31%	1,002,696
Interest on long-term debt	64,081	0.31%	73,525	0.41%	(9,444)
Total expenses	20,591,819	100.00%	17,880,182	100.00%	2,711,637
Excess of revenue over expenses before transfers and extraordinary item	10,474		3,658,760		(3,648,286)
Extraordinary item - insurance recovery	926,521	4.50%	-	0.00%	926,521
Transfers (out)	(449,289)		(438,850)		(10,439)
	477,232		(438,850)		
Changes in net position	487,706		3,219,910		\$ (2,732,204)
Net position, beginning of year	58,775,548		55,555,638		
Prior period adjustment	(3,402,000)		-		
Net position, end of year	\$55,861,254		\$58,775,548		

The main elements of the change in net position relate to a decrease in operating and capital grants and increase in overall expenses.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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

Revenues	2015	Percentage	2014	Percentage	Variance
General					
Taxes	\$ 27,359	1.68%	\$ 71,177	3.62%	\$ (43,818)
Investment income	6,989	0.43%	7,967	0.40%	(978)
Miscellaneous	2,175	0.13%	44,000	2.24%	(41,825)
Program Revenues					
Charges for services	601,887	37.06%	602,217	30.59%	(330)
Operating grants and contributions	4,076	0.26%	28,512	1.45%	(24,436)
Capital grants and contributions	981,449	60.44%	1,214,790	61.71%	(233,341)
Total revenues	1,623,935	100.00%	1,968,663	100.00%	(344,728)
Expenses					
County Airport	2,679,096	100.00%	2,823,582	100.00%	(144,486)
Total expenses	2,679,096	100.00%	2,823,582	100.00%	(144,486)
Excess (deficiency) of revenue over expenses before transfers	(1,055,161)		(854,919)		(200,242)
Transfer in	449,289		438,850		10,439
Changes in net position	(605,872)		(416,069)		\$ (189,803)
Net position, beginning of year	19,900,691		20,316,760		
Prior period adjustment	(311,827)		-		
Net position, end of year	\$18,982,992		\$19,900,691		

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, 2015, the County's governmental funds reported combined fund balances of \$11,964,359.

The General Fund is the main operating fund of the County. As of June 30, 2015, the total fund balance was \$10,321,117, while the unassigned General Fund balance was \$1,408,939.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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, 2015, the Capital Facilities Tax Fund shows a fund balance of \$355,493.

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, 2015, the County's Road Construction Fund shows a fund balance of \$1,287,749.

Revenues for governmental funds were approximately \$20.7 million for the fiscal year ended June 30, 2015. The following schedule presents revenues by source.

Revenues	2015	Percentage	2014	Percentage	Variance
Taxes	\$15,024,833	72.38%	\$15,068,368	72.36%	\$ (43,535)
Licenses and permits	230,613	1.11%	235,996	1.13%	(5,383)
Intergovernmental revenues	4,239,594	20.42%	4,503,199	21.62%	(263,605)
Charges for services	1,163,201	5.60%	887,413	4.26%	275,788
Investment income	69,858	0.34%	113,500	0.55%	(43,642)
Miscellaneous revenues	29,907	0.14%	17,240	0.08%	12,667
Total revenues	\$20,758,006	100.00%	\$20,825,716	100.00%	\$ (67,710)

Expenditures for governmental funds were approximately \$21.6 million for fiscal year 2015.

The following schedule presents expenditures by activities.

	2015	Percentage	2014	Percentage	Variance
Current					
General government	\$ 9,604,076	44.43%	\$ 7,791,576	40.50%	\$ 1,812,500
Public safety	5,051,493	23.37%	4,582,150	23.82%	469,343
Public works	1,877,880	8.69%	1,878,800	9.77%	(920)
Health, welfare and recreation	810,191	3.75%	809,876	4.21%	315
Conservation of natural resources	146,138	0.68%	133,893	0.70%	12,245
Debt Service					
Principal	360,090	1.67%	404,212	2.10%	(44,122)
Interest	64,081	0.30%	48,728	0.25%	15,353
Capital outlay	3,703,736	17.13%	3,588,925	18.66%	114,811
Total expenditures	\$21,617,685	100.00%	\$19,238,160	100.00%	\$ 2,379,525

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, 2015

Capital Assets and Debt Administration

The County's capital assets for its governmental activities as of June 30, 2015 were approximately \$50.3 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 3 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	28,635,077	2,045,094	-	30,680,171
Construction in progress	871,330	3,191,612	3,486,316	576,626
Total capital assets not being depreciated	30,469,724	5,236,706	3,486,316	32,220,114
Capital assets being depreciated				
Land improvements	692,011	8,440	-	700,451
Buildings and building improvements	25,217,071	553,244	-	25,770,315
Equipment	5,392,784	111,506	59,000	5,445,290
Furnishings, computer equipment and software	2,862,543	161,229	-	3,023,772
Vehicles	1,174,108	157,616	105,997	1,225,727
Total capital assets being depreciated	35,338,517	992,035	164,997	36,165,555
Less accumulated depreciation for				
Land improvements	388,528	50,078	-	438,606
Buildings and building improvements	8,854,380	788,941	-	9,643,321
Equipment	4,025,259	447,030	59,000	4,413,289
Furnishings, computer equipment and software	2,539,014	95,675	-	2,634,689
Vehicles	930,937	122,425	105,997	947,365
Total accumulated depreciation	16,738,118	1,504,149	164,997	18,077,270
Total capital assets, being depreciated, net	18,600,399	(512,114)	-	18,088,285
Governmental activities, capital assets, net	\$ 49,070,123	\$ 4,724,592	\$ 3,486,316	\$ 50,308,399

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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:

2015 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:

- Historic Courthouse Roof Renovation
- District Court Security Upgrade
- Fairgrounds Water System Upgrade
- Fairgrounds Exhibit Hall Renovation
- County Road Projects
- Construction in progress as of the end of the current fiscal year was \$2,436,552 for Sheridan County. This amount included approximately \$380,004 in costs related to the County road and bridges, \$196,621 in facility renovations, and \$1,859,926 in airport related projects.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ 50,301	\$ 4,024	\$ 1,125,806
Construction in progress	1,566,450	1,292,847	999,371	1,859,926
Total capital assets not being depreciated	<u>2,645,979</u>	<u>1,343,148</u>	<u>1,003,395</u>	<u>2,985,732</u>
Capital assets being depreciated				
Buildings, building improvements and runways	40,595,771	881,675	-	41,477,446
Equipment	2,207,935	87,430	59,878	2,235,487
Total capital assets being depreciated	<u>42,803,706</u>	<u>969,105</u>	<u>59,878</u>	<u>43,712,933</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	23,388,598	1,554,030	-	24,942,628
Equipment	961,722	132,422	53,443	1,040,701
Total accumulated depreciation	<u>24,350,320</u>	<u>1,686,452</u>	<u>53,443</u>	<u>25,983,329</u>
Total capital assets, being depreciated, net	<u>18,453,386</u>	<u>(717,347)</u>	<u>6,435</u>	<u>17,729,604</u>
Capital assets, net	<u>\$ 21,099,365</u>	<u>\$ 625,801</u>	<u>\$ 1,009,830</u>	<u>\$ 20,715,336</u>

Additional information on the Sheridan County's capital assets can be found in Note 6 on pages 46 to 50 of this report.

Budget information

The Board of County Commissioners approached the fiscal year 2015 budget with the following assumptions: there would be improved growth in state and local revenues; there would be an expectation of FY15 PILT funding; there would be increases in employee benefit costs; there would be a slight increase in employee wage compensation and no reduction in County staffing; and 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 96.1% for general fund revenue, 95% for general fund expenses, 114.5% for road construction fund revenue and 95.7% for road construction expense. The board approved one amendment to the fiscal year budget that included transfers in the grant department, County Clerk & Recorder Office, County Treasurer Office, County Corner Office, Administration Department, and Capital Improvement Department. Adjustments were made in operating expenses in the General Fund to appropriate \$1,411,149 in unanticipated grant expenses, and \$1,441,149 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$3,000 for the County Clerk and Recorder Office, \$7,500 for the County Treasurer Office, \$33,000 for the County Coroner Office, \$1,000 for the Administration Department, and \$131,000 for the Capital Improvement Department.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2015

Economic Factors and Next Year's Budget and Rates

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

Long-term Debt

At the end of the current fiscal year, Sheridan County had debt of \$1,305,907 from a note payable and \$2,475,000 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 \$267,026 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, 2015 was \$184,412. Capital leases of \$408,823 were outstanding as of June 30, 2015 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.

In the fiscal year 2015 the County implemented GASB 68 and 71 and recorded its proportional share of the State of Wyoming Retirement System plan's net position, the statewide cost-sharing multiple-employer public employee retirement plan. This resulted in recording a net pension liability of \$4,852,398 and \$3,846,177 as of June 30, 2015 and 2014, respectively.

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, 2015

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
ASSETS				
Cash and cash equivalents	\$ 10,947,087	\$ 100,196	\$ 11,047,283	\$ 9,265,506
Restricted cash for bond funded projects	-	88,142	88,142	-
Investments	210,819	692,611	903,430	11,552,787
Assets limited as to use, current portion	-	-	-	1,346,902
Taxes receivable	5,330,280	-	5,330,280	121,686
Accounts receivable	516,150	14,065	530,215	10,771,407
Other receivables	-	-	-	1,274,584
Due from other governments	2,280,983	40,390	2,321,373	-
Due from primary government	-	-	-	19,503
Prepaid expenses and other current assets	50,000	-	50,000	508,347
Inventory	380,718	-	380,718	2,272,413
Restricted investments, long-term	-	263,877	263,877	2,162,218
Assets limited as to use, long term portion	-	-	-	17,339,586
Capital assets not being depreciated	32,220,114	2,985,732	35,205,846	5,666,684
Capital assets being depreciated, net of accumulated depreciation	18,088,285	17,729,604	35,817,889	40,183,396
Other assets, long-term	-	-	-	3,041,310
Total assets	<u>70,024,436</u>	<u>21,914,617</u>	<u>91,939,053</u>	<u>105,526,329</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	988,125	62,771	1,050,896	170,866
Total deferred inflows of resources	<u>988,125</u>	<u>62,771</u>	<u>1,050,896</u>	<u>170,866</u>
LIABILITIES				
Accounts payable and other liabilities	641,781	104,747	746,528	4,700,175
Due to other governments	556,175	-	556,175	-
Due to third party payors	-	-	-	2,628,445
Noncurrent liabilities				
Due within one year	737,651	100,000	837,651	32,127
Due in more than one year	3,171,677	2,405,161	5,576,838	147,506
Net pension liability	4,467,910	384,488	4,852,398	1,062,336
Total liabilities	<u>9,575,194</u>	<u>2,994,396</u>	<u>12,569,590</u>	<u>8,570,589</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred taxes	5,576,113	-	5,576,113	73,766
Total deferred inflows of resources	<u>5,576,113</u>	<u>-</u>	<u>5,576,113</u>	<u>73,766</u>
NET POSITION				
Net investment in capital assets	49,632,550	18,240,336	67,872,886	45,754,020
Restricted for				
Voters	184,070	-	184,070	-
State statutes	1,403,530	-	1,403,530	-
Bond covenants	-	263,877	263,877	-
Donors	-	-	-	7,889,199
Restricted nonexpendable	-	-	-	2,161,788
Unrestricted	4,641,104	478,779	5,119,883	41,247,833
Total net position	<u>\$ 55,861,254</u>	<u>\$ 18,982,992</u>	<u>\$ 74,844,246</u>	<u>\$ 97,052,840</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Function/Programs				
Primary government				
Governmental activities				
General government	\$ 10,353,183	\$ 1,010,187	\$ -	\$ 1,069,827
Public safety	5,153,362	186,878	311,639	4,700
Public works	2,280,195	187,150	-	422,767
Health, welfare, and recreation	819,356	9,600	410,126	17,149
Conservation of natural resources	147,902	-	-	-
Capital outlay	1,773,740	-	-	15,381
Interest on long-term debt	64,081	-	-	-
Total governmental activities	<u>20,591,819</u>	<u>1,393,815</u>	<u>721,765</u>	<u>1,529,824</u>
Business-type activities				
Airport	<u>2,679,096</u>	<u>601,887</u>	<u>4,076</u>	<u>981,449</u>
Total primary government	<u>\$ 23,270,915</u>	<u>\$ 1,995,702</u>	<u>\$ 725,841</u>	<u>\$ 2,511,273</u>
Component units	<u>\$ 86,183,607</u>	<u>\$ 80,720,189</u>	<u>\$ 3,198,830</u>	<u>\$ 989,185</u>
		General revenues		
		Property taxes		
		Sales taxes		
		Other taxes		
		Grants and contributions not restricted to specific programs		
		Payments in lieu of taxes		
		Unrestricted investment income		
		Contributions to an endowment		
		Miscellaneous revenue		
		Extraordinary item - insurance recovery		
		Transfers		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Prior period adjustment		
		Net position, beginning of year, as restated		
		Net position, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>			Component Units Totals
<u>Governmental Activities</u>	<u>Business Activity</u>	<u>Total</u>	
\$ (8,273,169)	\$ -	\$ (8,273,169)	\$ -
(4,650,145)	-	(4,650,145)	-
(1,670,278)	-	(1,670,278)	-
(382,481)	-	(382,481)	-
(147,902)	-	(147,902)	-
(1,758,359)	-	(1,758,359)	-
(64,081)	-	(64,081)	-
<u>(16,946,415)</u>	<u>-</u>	<u>(16,946,415)</u>	<u>-</u>
-	(1,091,684)	(1,091,684)	-
<u>(16,946,415)</u>	<u>(1,091,684)</u>	<u>(18,038,099)</u>	<u>-</u>
-	-	-	(1,275,403)
6,126,528	-	6,126,528	1,077,536
4,719,829	-	4,719,829	-
4,072,816	27,359	4,100,175	-
854,561	-	854,561	-
874,961	-	874,961	-
69,858	6,989	76,847	646,563
-	-	-	600
238,336	2,175	240,511	1,687,714
926,521	-	926,521	-
(449,289)	449,289	-	-
<u>17,434,121</u>	<u>485,812</u>	<u>17,919,933</u>	<u>3,412,413</u>
487,706	(605,872)	(118,166)	2,137,010
<u>58,775,548</u>	<u>19,900,691</u>	<u>78,676,239</u>	<u>95,766,353</u>
(3,402,000)	(311,827)	(3,713,827)	(850,523)
<u>55,373,548</u>	<u>19,588,864</u>	<u>74,962,412</u>	<u>94,915,830</u>
<u>\$ 55,861,254</u>	<u>\$ 18,982,992</u>	<u>\$ 74,844,246</u>	<u>\$ 97,052,840</u>

SHERIDAN COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 9,575,387	\$ 325,565	\$ 1,046,135	\$ 10,947,087
Investments	210,819	-	-	210,819
Taxes receivable	5,330,280	-	-	5,330,280
Accounts receivable	516,150	-	-	516,150
Due from other governments	1,925,349	323,315	32,319	2,280,983
Due from other funds	443,101	-	-	443,101
Prepays	50,000	-	-	50,000
Inventory	-	171,423	209,295	380,718
Total assets	<u>\$ 18,051,086</u>	<u>\$ 820,303</u>	<u>\$ 1,287,749</u>	<u>\$ 20,159,138</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 605,651	\$ 21,709	\$ -	\$ 627,360
IBNR claims payable	329,596	-	-	329,596
Due to other governments	556,175	-	-	556,175
Due to other funds	-	443,101	-	443,101
Refundable advances	14,421	-	-	14,421
Total liabilities	<u>1,505,843</u>	<u>464,810</u>	<u>-</u>	<u>1,970,653</u>
Deferred inflows of resources				
Deferred taxes	5,850,956	-	-	5,850,956
Deferred revenue from other government	373,170	-	-	373,170
Total deferred inflows of resources	<u>6,224,126</u>	<u>-</u>	<u>-</u>	<u>6,224,126</u>
Fund Balances				
Nonspendable				
Prepays	50,000	-	-	50,000
Inventory	-	171,423	209,295	380,718
Restricted				
Voters resolution	-	184,070	-	184,070
Wyoming state statutes	325,076	-	1,078,454	1,403,530
Committed				
County resolutions	360,000	-	-	360,000
Healthcare costs	1,495,613	-	-	1,495,613
Assigned	6,681,489	-	-	6,681,489
Unassigned	1,408,939	-	-	1,408,939
Total fund balances	<u>10,321,117</u>	<u>355,493</u>	<u>1,287,749</u>	<u>11,964,359</u>
Total liabilities, deferred inflows of resources and and fund balances	<u>\$ 18,051,086</u>	<u>\$ 820,303</u>	<u>\$ 1,287,749</u>	<u>\$ 20,159,138</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, 2015

Total fund balances - governmental funds		\$ 11,964,359
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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.		50,308,399
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Since the focus of governmental fund statements is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and are not included in the governmental fund balances.

Property taxes		274,843
Receivable from other government		373,170

Deferred outflows of resources

Pension plan contributions subsequent to measurement date	\$ 512,915	
Difference in investment returns - pensions	<u>475,210</u>	988,125

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	(408,823)	
Note payable with a bank	(1,305,907)	
State Revolving Loan fund	(267,026)	
Reclamation and royalties liability	(97,000)	
Other postemployment employee benefits liability current year	(953,741)	
Compensated absences in total	(362,823)	
Repayment of sales tax due to incorrect distribution	(184,412)	
Pension liability	<u>(4,467,910)</u>	<u>(8,047,642)</u>

Net position of governmental activities		<u><u>\$ 55,861,254</u></u>
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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, 2015

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
Revenues				
Taxes	\$ 13,210,385	\$ 1,814,448	\$ -	\$ 15,024,833
Licenses and permits	230,613	-	-	230,613
Intergovernmental revenues	3,632,151	16,614	590,829	4,239,594
Charges for services	1,163,201	-	-	1,163,201
Investment income	69,136	722	-	69,858
Miscellaneous revenues	29,907	-	-	29,907
Total revenues	<u>18,335,393</u>	<u>1,831,784</u>	<u>590,829</u>	<u>20,758,006</u>
Expenditures				
Current				
General government	9,604,076	-	-	9,604,076
Public safety	5,051,493	-	-	5,051,493
Public works	1,877,880	-	-	1,877,880
Health, welfare and recreation	810,191	-	-	810,191
Conservation of natural resources	146,138	-	-	146,138
Debt Service				
Principal	327,862	32,228	-	360,090
Interest	64,081	-	-	64,081
Capital outlay	1,688,631	2,013,105	2,000	3,703,736
Total expenditures	<u>19,570,352</u>	<u>2,045,333</u>	<u>2,000</u>	<u>21,617,685</u>
Excess (deficiency) of revenues over expenditures	<u>(1,234,959)</u>	<u>(213,549)</u>	<u>588,829</u>	<u>(859,679)</u>
Other financing sources (uses)				
Proceeds from sale of assets	20,125	-	-	20,125
Transfers in	454,503	773,153	-	1,227,656
Transfers (out)	(960,441)	(443,101)	(273,403)	(1,676,945)
Total other financing sources (uses)	<u>(485,813)</u>	<u>330,052</u>	<u>(273,403)</u>	<u>(429,164)</u>
Extraordinary item				
Insurance recovery	926,521	-	-	926,521
Net changes in fund balances	<u>(794,251)</u>	<u>116,503</u>	<u>315,426</u>	<u>(362,322)</u>
Fund balances, beginning of year	11,115,368	590,439	949,641	12,655,448
Increase (decrease) in reserve for inventory	<u>-</u>	<u>(351,449)</u>	<u>22,682</u>	<u>(328,767)</u>
Fund balances, end of year	<u>\$ 10,321,117</u>	<u>\$ 355,493</u>	<u>\$ 1,287,749</u>	<u>\$ 11,964,359</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, 2015

Net change in fund balances - total governmental funds		\$ (362,322)
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	\$ 6,228,741	
Assets transferred from construction in progress to fixed assets and infrastructure	(3,486,316)	
Depreciation expense for the year	<u>(1,504,149)</u>	1,238,276
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Deferred outflows - pension contributions and differences in investment returns - prior year	(444,178)	
Deferred outflows - pension contributions and differences in investment returns - current year	<u>988,125</u>	543,947
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:		
Principal payments on capital lease obligations	114,123	
Principal payment on a note payable with a bank	140,319	
Principal payment on State Revolving Fund loan	13,442	
Repayment of sales tax due to incorrect distribution	92,205	
Compensated absences - prior year	353,466	
Compensated absences - current year	(362,823)	
Liability for OPEB - prior year	809,656	
Liability for OPEB - current year	(953,741)	
Net pension liability - prior year	3,846,177	
Net pension liability - current year	<u>(4,467,910)</u>	(415,086)
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.		
		(328,767)
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	(380,504)	
Property taxes current year	274,843	
Receivable from other government - prior year	(455,851)	
Receivable from other government - current year	<u>373,170</u>	(188,342)
Change in net position of governmental activities		<u><u>\$ 487,706</u></u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2015

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
ASSETS	
Cash and cash equivalents	\$ 100,196
Restricted cash for bond funded projects	88,142
Investments	692,611
Accounts receivable	14,065
Due from other governments	40,390
Investments restricted by bond covenants	263,877
Capital assets not being depreciated	2,985,732
Capital assets being depreciated, net of accumulated depreciation	17,729,604
Total assets	<u>21,914,617</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension items	62,771
Total deferred outflow of resources	<u>62,771</u>
LIABILITIES	
Accounts payable and accrued liabilities	104,747
Current maturity of bonds payable	100,000
Total current liabilities	<u>204,747</u>
Bonds payable, net of current maturity	2,375,000
Compensated absences	30,161
Net pension liability	384,488
Total long-term liabilities	<u>2,789,649</u>
NET POSITION	
Invested in capital assets, net of related debt	18,240,336
Restricted by bond covenants	263,877
Unrestricted	478,779
Total net position	<u>\$ 18,982,992</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, 2015

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
Operating revenues	
Charges for services	\$ 601,887
Operating expenses	
Salaries and benefits	527,405
Operating expenses	407,302
Depreciation	1,686,450
Total operating expenses	2,621,157
Operating loss	(2,019,270)
Nonoperating revenues (expense)	
Taxes	15,353
Interest income	6,989
Interest expense	(57,939)
Passenger facility charges pledged as security for revenue bonds	12,006
Grants	4,076
Loss on disposal of assets	2,175
Total nonoperating expense	(17,340)
Loss before contributions and transfers	(2,036,610)
Capital contributions - grants	981,449
Transfers in	449,289
Changes in net position	(605,872)
Net position, beginning of year	19,900,691
Prior period adjustment	(311,827)
Net position, beginning of year as restated	19,588,864
Net position, end of year	\$ 18,982,992

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

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

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 644,090
Payments to suppliers	(505,660)
Payments to employees	(511,959)
Net cash used in operating activities	<u>(373,529)</u>
Cash Flows from Noncapital Financing Activities	
Passenger facility charges	12,006
Subsidy from tax revenue	15,353
Subsidy from state and federal grants	4,076
Net cash provided by noncapital financing activities	<u>31,435</u>
Cash Flows from Capital and Related Financing Activities	
State and federal capital grants	1,156,744
Transfer from primary government for capital projects	449,289
Principal payment on bonds payable	(75,000)
Interest paid on bonds and note payable	(57,939)
Purchases of property and equipment	(1,300,244)
Net cash provided by capital and related financing activities	<u>172,850</u>
Cash Flows from Investing Activities	
Interest received	6,151
Purchase of investments	(157,971)
Net cash used in investing activities	<u>(151,820)</u>
Net decrease in cash and cash equivalents	<u>(321,064)</u>
Cash and cash equivalents, including \$482,000 of restricted cash for bond funded projects, beginning of year	<u>509,402</u>
Cash and cash equivalents, including \$88,142 of restricted cash for bond funded projects, end of year	<u>\$ 188,338</u>

(Continued)

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

Year Ended June 30, 2015

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Reconciliation of operating loss to net cash used in operating activities	
Loss from operations	\$ (2,019,270)
Adjustments to reconcile operating loss to cash used in operating activities	
Amortization of differences on pension plan investment earnings	45,877
Depreciation and amortization	1,686,450
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Accounts receivable	42,203
Deferred outflows - pension plan items	(81,000)
Accounts payable and accrued liabilities	(98,358)
Compensated absences	5,556
Net pension liability	45,013
Net cash used in operating activities	<u>\$ (373,529)</u>
Cash paid for interest	\$ 58,126
Supplemental schedule of non-cash transactions	
Prior period adjustment related to recording net pension liability	\$ 311,827

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2015

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,442,335
Taxes receivable	1,133,357
Due from other governments	691,936
Total assets	<u>\$ 6,267,628</u>
LIABILITIES	
Due to component units	19,503
Due to other governments	2,116,311
Motor vehicle fees due to County and other governments	2,996,353
Deferred property tax revenue	1,135,461
Total liabilities	<u>\$ 6,267,628</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2015

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
ASSETS			
Cash and cash equivalents	\$ 1,096,805	\$ 398,777	\$ 288,031
Investments	-	-	1,529,935
Assets limited as to use, current portion	-	-	-
Taxes receivable	121,686	-	-
Accounts receivable	28,298	1,670	-
Other receivables	-	-	-
Due from primary government	19,503	-	-
Prepaid items and other current assets	-	-	-
Inventory	164,794	-	-
Investments, restricted for endowment	-	-	1,232,727
Assets limited as to use, long term portion	-	-	-
Capital assets not being depreciated	-	-	855,786
Capital assets being depreciated, net of accumulated depreciation	810,967	2,246,900	2,914,822
Other assets, long-term	-	-	-
Total assets	<u>2,242,053</u>	<u>2,647,347</u>	<u>6,821,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	<u>30,927</u>	<u>31,353</u>	<u>108,586</u>
Total deferred inflows of resources	<u>30,927</u>	<u>31,353</u>	<u>108,586</u>
LIABILITIES			
Accounts payable and accrued liabilities	125,080	40	-
Due to third-party payors	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	22,153	10,578	50,842
Net pension liability	194,878	196,399	671,059
Total liabilities	<u>342,111</u>	<u>207,017</u>	<u>721,901</u>
Deferred inflows of resources			
Deferred taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	810,967	2,246,900	3,770,608
Restricted for special purpose funds	-	-	-
Permanently restricted by donors	-	-	1,232,727
Unrestricted	1,119,902	224,783	1,204,651
Total net position	<u>\$ 1,930,869</u>	<u>\$ 2,471,683</u>	<u>\$ 6,207,986</u>

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 7,481,893	\$ 9,265,506
10,022,852	11,552,787
1,346,902	1,346,902
-	121,686
10,741,439	10,771,407
1,274,584	1,274,584
-	19,503
508,347	508,347
2,107,619	2,272,413
929,491	2,162,218
17,339,586	17,339,586
4,810,898	5,666,684
34,210,707	40,183,396
3,041,310	3,041,310
<u>93,815,628</u>	<u>105,526,329</u>
-	170,866
<u>-</u>	<u>170,866</u>
4,575,055	4,700,175
2,628,445	2,628,445
32,127	32,127
63,933	147,506
-	1,062,336
<u>7,299,560</u>	<u>8,570,589</u>
73,766	73,766
<u>73,766</u>	<u>73,766</u>
38,925,545	45,754,020
7,889,199	7,889,199
929,061	2,161,788
38,698,497	41,247,833
<u>\$ 86,442,302</u>	<u>\$ 97,052,840</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2015

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Weed and Pest Control District	\$ 1,471,899	\$ 172,542	\$ 74,356	\$ -
Sheridan County Fair	663,799	76,958	468,787	940,956
Sheridan County Public Library	1,823,425	51,111	1,609,418	48,229
Memorial Hospital of Sheridan County	82,224,484	80,419,578	1,046,269	-
	<u>\$ 86,183,607</u>	<u>\$ 80,720,189</u>	<u>\$ 3,198,830</u>	<u>\$ 989,185</u>

General Revenues

Property taxes

Miscellaneous

Contributions to endowment

Unrestricted investment earnings

Total general revenues

Change in net position

Net position, beginning of year

Prior period adjustment

Net position, beginning of year as restated

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library	Memorial Hospital of Sheridan County	Totals
\$ (1,225,001)	\$ -	\$ -	\$ -	\$ (1,225,001)
-	822,902	-	-	822,902
-	-	(114,667)	-	(114,667)
-	-	-	(758,637)	(758,637)
(1,225,001)	822,902	(114,667)	(758,637)	(1,275,403)
1,077,536	-	-	-	1,077,536
-	-	264	1,687,450	1,687,714
-	-	600	-	600
1,412	1,232	90,122	553,797	646,563
1,078,948	1,232	90,986	2,241,247	3,412,413
(146,053)	824,134	(23,681)	1,482,610	2,137,010
2,242,598	1,797,243	6,766,820	84,959,692	95,766,353
(165,676)	(149,694)	(535,153)	-	(850,523)
2,076,922	1,647,549	6,231,667	84,959,692	94,915,830
<u>\$ 1,930,869</u>	<u>\$ 2,471,683</u>	<u>\$ 6,207,986</u>	<u>\$ 86,442,302</u>	<u>\$ 97,052,840</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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.

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, 2015

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, 2015

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.

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

Cash and Cash Equivalents

The County considers all demand deposits and highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

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 and Memorial Hospital Foundations have 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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Endowments

Restricted nonexpendable net position as of June 30, 2015 represents the principal of permanent endowments restricted to investment in perpetuity by donors of the Library and Memorial Hospital Foundations. Investment earnings, except for changes in fair market value are expendable to support the purpose as designated by the donors.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on or about August 1, and are due in two installments. The first becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 11. The County's property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenues and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date.

The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2015, was 12 mills, which means 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 two items that qualify 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 receivable from other government which is described in Note 5. 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.

Deferred Outflows of Resources

In addition to the assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category. It is the pension plan items reported in the government-wide and proprietary fund statements of net position. The pension plan items are the result of differences between projected and actual earnings on pension plan items, as well as, the County's contributions subsequent to the measurement date used by the Wyoming Retirement System for the pension plan liability.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Pensions

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

Major Taxpayers

The County's 10 largest taxpayers account for approximately 22% 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 5% 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, 2015, the County’s estimated portion in the amount of \$613,711 is recorded as deferred revenue, and the remaining \$2,996,353 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, 2015 was approximately \$812,730.

Memorial Hospital of Sheridan County’s employees earn vacation and sick time benefits at varying rates. These rates are determined based on the employee’s years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if the leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2015 are \$955,867.

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2015.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

Assets, Deferred Inflows and Outflows of Resources, Liabilities, and Net Position/Fund Balance(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 or legal restrictions. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commission, the highest level of authority, through approval of resolutions. Assigned fund balances express the intent of the County, as designated by the County Commission, to utilize the funds for specific purpose. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

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, 2015

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

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

Budget (Continued)

The County Commissioners amended the budget for the fiscal year ended June 30, 2015 to increase the general fund's grant revenues by \$1,441,150 and expenditures by \$1,411,150. The budget amendment also included transfers from the county election to county clerk and recording of \$3,000, fixed cost department to the county treasurer's department of \$7,500, detention center budget to county coroner of \$33,000, fixed cost department to the administration department of \$1,000, and election budget of \$44,000, sheriff offices of \$70,000, detention center of \$17,000 for a total of \$131,000 was transferred to the capital budget.

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 \$2,228,660 for the year ended June 30, 2015.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

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

Accounting Estimates

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

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.

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, 2015, 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, 2015, 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, 2015, the carrying amount of the Memorial Hospital of Sheridan County's cash, including cash limited as to use, was \$24,975,408. In 2015, 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, 2015

Note2. Deposits and Investments (Continued)

Investments

As of June 30, 2015, 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)	\$ 902,430	0.23% - 0.25%	\$ 902,430	\$ -	Not rated
Certificate of deposit	1,000	0.208%	-	1,000	Not rated
	<u>\$ 903,430</u>		<u>\$ 902,430</u>	<u>\$ 1,000</u>	
Investments - restricted					
U.S. Government Securities	<u>\$ 263,877</u>	1.25%	<u>\$ 1,625</u>	<u>\$ 262,252</u>	Aaa

As of June 30, 2015, the Sheridan County Library and Hospital Foundations which are the component units of the Sheridan County Library and 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
Library Foundation						
Corporate bonds	\$ 62,615	2.23% - 3.99%	\$ -	\$ 48,523	\$ 14,092	\$ -
Money market funds	97,409	n/a	97,409	-	-	-
Mutual funds	252,747	n/a	252,747	-	-	-
Equities	1,679,848	n/a	1,679,848	-	-	-
U.S. Government						
Securities	613,773	1.62% - 8.35%	-	116,350	74,519	422,904
Certificate of deposit	56,270	0.15%	56,270	-	-	-
Total	<u>\$ 2,762,662</u>		<u>\$ 2,086,274</u>	<u>\$ 164,873</u>	<u>\$ 88,611</u>	<u>\$ 422,904</u>
Hospital Foundation						
Corporate bonds	\$ 547,765	.66% - 6.25%	\$ 50,003	\$ 497,762	\$ -	\$ -
Corporate bond funds	1,390,838	n/a	1,390,838	-	-	-
Money market funds	1,012,527	n/a	1,012,527	-	-	-
Mutual funds	4,556,405	n/a	4,556,405	-	-	-
Equities	2,329,992	n/a	2,329,992	-	-	-
Certificate of deposit	185,355	.28%	185,355	-	-	-
	<u>\$ 10,022,882</u>		<u>\$ 9,525,120</u>	<u>\$ 497,762</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted						
Mutual funds	929,461	n/a	929,461	-	-	-
	<u>10,952,343</u>		<u>10,454,581</u>	<u>497,762</u>	<u>-</u>	<u>-</u>

Certain investments held by the Sheridan County Library and Memorial Hospital Foundations were rated by Standard & Poors from AA+ to AA- and others were not rated. The mutual funds, corporate bonds, and equities are held by the Sheridan County Library Foundation and Sheridan County Memorial Hospital Foundation, which is not subject to the state statutes restricting County investments.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments (Continued)

Memorial Hospital of Sheridan County

Cash and investments, including assets limited as to use of the Memorial Hospital of Sheridan County excluding the Sheridan Memorial Hospital Foundation, as of June 30, 2015 is as follows:

Petty cash	\$ 4,731
Interest-bearing checking accounts	12,499,510
Certificates of deposit	12,471,167
	<u>24,975,408</u>

All certificates of deposits mature in less than 1 year.

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, 2015, the County had 77% of its investments in WYOSTAR, the State Treasurer's Investment Pool, and the component units, excluding Memorial Hospital of Sheridan County which had 2% of its investments in Certificates of Deposit, 61% of their investments in equities, 9% of their investments in mutual funds, 2% of their investments in corporate bonds, 4% of their investments in money market funds, and 22% of their investments in U.S. government securities, respectively. Investments in mutual and corporate bond funds and equities are held by the Sheridan County Library and Memorial Hospital Foundations, which are not subject to the state statutes restricting investments.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

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

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, 2015 is comprised of the following:

Medicare	\$ 7,725,854
Medicaid	1,075,553
Insurance and other-third party	9,625,379
Private pay	4,252,642
	22,679,428
Less allowance for doubtful accounts	(11,937,989)
	\$ 10,741,439

At June 30, 2015, the Memorial Hospital of Sheridan County has assets limited as to use for certain purposes as follows:

Capital improvements	\$ 15,667,394
Current operations	2,474,375
Restricted contributions	544,720
	18,686,488
Less amounts required for current liabilities	(1,346,902)
	\$ 17,339,586

Assets limited as to use consist of \$18,686,487 in money market funds and certificates of deposit.

Note 4. Interfund Balances

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

	Receivable	Payable
General Fund	\$ 443,101	\$ -
Capital Facilities Tax Fund	-	443,101
	\$ 443,101	\$ 443,101

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Interfund Balances (Continued)

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 454,503	\$ 960,441
Capital Facilities Tax Fund	773,153	443,101
Road Construction Fund	-	273,403
Airport Fund	449,289	-
	<u>\$ 1,676,945</u>	<u>\$ 1,676,945</u>

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. 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. 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. The County recorded the receivable using the present value of the \$500,000 calculated at 2.8% interest resulting in of \$455,851 receivable recorded at June 30, 2014. As of June 30, 2015 the County had the following principal and interest receivable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 89,416	\$ 10,584	\$ 100,000
2017	91,952	8,048	100,000
2018	94,560	5,440	100,000
2019	97,242	2,757	99,999
	<u>\$ 373,170</u>	<u>\$ 26,829</u>	<u>\$ 399,999</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Capital Assets

Primary Government

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	28,635,077	2,045,094	-	30,680,171
Construction in progress	871,330	3,191,612	3,486,316	576,626
Total capital assets not being depreciated	<u>30,469,724</u>	<u>5,236,706</u>	<u>3,486,316</u>	<u>32,220,114</u>
Capital assets being depreciated				
Land improvements	692,011	8,440	-	700,451
Buildings and building improvements	25,217,071	553,244	-	25,770,315
Equipment	5,392,784	111,506	59,000	5,445,290
Furnishings, computer equipment and software	2,862,543	161,229	-	3,023,772
Vehicles	1,174,108	157,616	105,997	1,225,727
Total capital assets being depreciated	<u>35,338,517</u>	<u>992,035</u>	<u>164,997</u>	<u>36,165,555</u>
Less accumulated depreciation for				
Land improvements	388,528	50,078	-	438,606
Buildings and building improvements	8,854,380	788,941	-	9,643,321
Equipment	4,025,259	447,030	59,000	4,413,289
Furnishings, computer equipment and software	2,539,014	95,675	-	2,634,689
Vehicles	930,937	122,425	105,997	947,365
Total accumulated depreciation	<u>16,738,118</u>	<u>1,504,149</u>	<u>164,997</u>	<u>18,077,270</u>
Total capital assets, being depreciated, net	<u>18,600,399</u>	<u>(512,114)</u>	<u>-</u>	<u>18,088,285</u>
Governmental activities, capital assets, net	<u>\$ 49,070,123</u>	<u>\$ 4,724,592</u>	<u>\$ 3,486,316</u>	<u>\$ 50,308,399</u>

Approximately \$1,381,349 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$235,230 is included in annual depreciation expense.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Capital Assets (Continued)

Primary Government (Continued)

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

Governmental activities	
General government	\$ 989,058
Public safety	122,425
Public works	392,666
	<u>1,504,149</u>
Total depreciation expense - governmental activities	\$ 1,504,149
	<u>1,504,149</u>

Capital asset activity for the business-type activities of Sheridan County for the year ended June 30, 2015:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ 50,301	\$ 4,024	\$ 1,125,806
Construction in progress	1,566,450	1,292,847	999,371	1,859,926
Total capital assets not being depreciated	<u>2,645,979</u>	<u>1,343,148</u>	<u>1,003,395</u>	<u>2,985,732</u>
Capital assets being depreciated				
Buildings, building improvements and runways	40,595,771	881,675	-	41,477,446
Equipment	2,207,935	87,430	59,878	2,235,487
Total capital assets being depreciated	<u>42,803,706</u>	<u>969,105</u>	<u>59,878</u>	<u>43,712,933</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	23,388,598	1,554,030	-	24,942,628
Equipment	961,722	132,422	53,443	1,040,701
Total accumulated depreciation	<u>24,350,320</u>	<u>1,686,452</u>	<u>53,443</u>	<u>25,983,329</u>
Total capital assets, being depreciated, net	<u>18,453,386</u>	<u>(717,347)</u>	<u>6,435</u>	<u>17,729,604</u>
Capital assets, net	<u>\$ 21,099,365</u>	<u>\$ 625,801</u>	<u>\$ 1,009,830</u>	<u>\$ 20,715,336</u>
	<u>\$ 21,099,365</u>	<u>\$ 625,801</u>	<u>\$ 1,009,830</u>	<u>\$ 20,715,336</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Capital Assets (Continued)

Component Units

Capital asset activity for each component unit for the year ended June 30, 2015, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 857,723	\$ -	\$ -	\$ 857,723
Vehicles and equipment	302,607	47,029	22,920	326,716
Total capital assets being depreciated	1,160,330	47,029	22,920	1,184,439
Less accumulated depreciation for				
Buildings and improvements	111,221	21,890	-	133,111
Vehicles and equipment	239,992	23,289	22,920	240,361
Total accumulated depreciation	351,213	45,179	22,920	373,472
Total capital assets, being depreciated, net	809,117	1,850	-	810,967
Capital assets, net	\$ 809,117	\$ 1,850	\$ -	\$ 810,967

Capital asset activity for the Sheridan County Fair for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Land improvements	\$ 3,146,935	\$ 587,539	\$ -	\$ 3,734,474
Buildings and building improvements	1,545,528	492,987	-	2,038,515
Equipment, grounds keeping	318,322	-	-	318,322
Equipment, other	18,054	-	-	18,054
Vehicles	53,250	-	-	53,250
Total capital assets being depreciated	5,082,089	1,080,526	-	6,162,615
Less accumulated depreciation for				
Land improvements	2,169,632	59,102	-	2,228,734
Buildings and building improvements	1,350,045	26,761	-	1,376,806
Equipment, grounds keeping	209,340	43,731	-	253,071
Equipment, other	18,054	-	-	18,054
Vehicles	28,400	10,650	-	39,050
Total accumulated depreciation	3,775,471	140,244	-	3,915,715
Capital assets, net	\$ 1,306,618	\$ 940,282	\$ -	\$ 2,246,900

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Sheridan County Public Library for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
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	5,200,145	22,629	-	5,222,774
Furnishings and computer equipment	120,155	25,487	-	145,642
Equipment	15,435	-	-	15,435
Vehicles	24,475	23,900	-	48,375
Library collection	3,399,089	174,471	167,909	3,405,651
Total capital assets being depreciated	<u>8,759,299</u>	<u>246,487</u>	<u>167,909</u>	<u>8,837,877</u>
Less accumulated depreciation for				
Buildings and building improvements	2,495,384	158,282	-	2,653,666
Furnishings and computer equipment	96,974	6,998	-	103,972
Equipment	15,435	-	-	15,435
Vehicles	24,475	3,983	-	28,458
Library collection	3,264,509	24,924	167,909	3,121,524
Total accumulated depreciation	<u>5,896,777</u>	<u>194,187</u>	<u>167,909</u>	<u>5,923,055</u>
Total capital assets being depreciated, net	<u>2,862,522</u>	<u>52,300</u>	<u>-</u>	<u>2,914,822</u>
Capital assets, net	<u>\$ 3,718,308</u>	<u>\$ 52,300</u>	<u>\$ -</u>	<u>\$ 3,770,608</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Capital Assets (Continued)

Component Units (Continued)

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 3,477,777	\$ -	\$ -	\$ 3,477,777
Construction in progress	347,676	985,445	-	1,333,121
Total capital assets not being depreciated	3,825,453	985,445	-	4,810,898
Capital assets being depreciated				
Buildings and improvements	51,885,463	138,127	-	52,023,590
Equipment	41,650,487	1,137,530	337,645	42,450,372
Total capital assets being depreciated	93,535,950	1,275,657	337,645	94,473,962
Less accumulated depreciation				
Total accumulated depreciation	53,411,038	7,161,864	309,647	60,263,255
Total capital assets, being depreciated, net	40,124,912	(5,886,207)	27,998	34,210,707
Capital assets, net	\$ 43,950,365	\$ (4,900,762)	\$ 27,998	\$ 39,021,605

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 \$8,942,696 at June 30, 2015. The County had no outstanding debt subject to this limitation.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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, 2015:

	<u>Balance June 30, 2014</u>	<u>New Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities					
Capital lease obligations	\$ 522,946	\$ -	\$ 114,123	\$ 408,823	\$ 117,185
Note payable with a bank	1,446,226	-	140,319	1,305,907	144,220
State Revolving Fund loan	280,468	-	13,442	267,026	13,778
Incurred but not reported claims (Note 13)	303,416	329,596	303,416	329,596	329,596
Reclamation liability and royalty payments (Note 12)	97,000	-	-	97,000	-
OPEB liability (Note 15)	809,656	144,085	-	953,741	-
Compensated absences (Note 1)	353,466	362,803	353,446	362,823	40,667
Repayment of sales tax due to incorrect distribution	276,617	-	92,205	184,412	92,205
	<u>4,089,795</u>	<u>836,484</u>	<u>1,016,951</u>	<u>3,909,328</u>	<u>737,651</u>
Net pension liability	<u>3,846,177</u>	<u>621,733</u>	<u>-</u>	<u>4,467,910</u>	<u>-</u>
	<u>\$ 7,935,972</u>	<u>\$ 1,458,217</u>	<u>\$ 1,016,951</u>	<u>\$ 8,377,238</u>	<u>\$ 737,651</u>
Business activities					
Bonds payable	\$ 2,550,000	\$ -	\$ 75,000	\$ 2,475,000	\$ 100,000
Compensated absences	24,605	5,556	-	30,161	-
	<u>2,574,605</u>	<u>5,556</u>	<u>75,000</u>	<u>2,505,161</u>	<u>100,000</u>
Net pension liability	<u>339,475</u>	<u>45,013</u>	<u>-</u>	<u>384,488</u>	<u>-</u>
	<u>\$ 2,914,080</u>	<u>\$ 50,569</u>	<u>\$ 75,000</u>	<u>\$ 2,889,649</u>	<u>\$ 100,000</u>
Component Units					
Notes and capital leases	\$ 126,387	\$ -	\$ 30,327	\$ 96,060	\$ 32,127
Compensated absences	84,226	-	653	83,573	-
	<u>210,613</u>	<u>-</u>	<u>30,980</u>	<u>179,633</u>	<u>32,127</u>
Net pension liability	<u>926,784</u>	<u>135,552</u>	<u>-</u>	<u>1,062,336</u>	<u>-</u>
	<u>\$ 1,137,397</u>	<u>\$ 135,552</u>	<u>\$ 30,980</u>	<u>\$ 1,241,969</u>	<u>\$ 32,127</u>

All County obligations are generally liquidated by the general fund. The reclamation liability and royalty payments 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, 2015

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 and received a loan of \$318,858 amortized over 20 years with 2.5% interest. As of June 30, 2015, the County made principal payments of \$13,442 on this loan. The debt requirement on the Drinking Water and State Revolving Fund Loan as of June 30, 2015 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	15,209	5,245	20,454
2021-2025	81,940	20,329	102,269
2026-2030	92,708	9,562	102,270
2031	19,954	499	20,453
	<u>\$ 267,026</u>	<u>\$ 60,236</u>	<u>\$ 327,262</u>

Capital Leases Payable

Capital lease obligations collateralized by the assets noted as of June 30, 2015 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$56,338 including interest of 1.73%, through May 2018	\$ 163,380
Lease/Purchase obligation on heavy equipment, due in annual installments of \$38,649 including interest of 4.40%, through October 2016	119,594
Lease/Purchase obligation on heavy equipment, due in annual installments of \$33,451 including interest of 2.50%, through November 2018	<u>125,849</u>
	408,823
Less current maturities of capital lease obligations	<u>117,185</u>
	<u>\$ 291,638</u>

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. County Debt (Continued)

Primary Government (Continued)

Capital Leases Payable (Continued)

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

<u>Year ending June 30,</u>			
2016		\$	128,439
2017			179,790
2018			89,887
2019			33,451
	Total minimum lease payments		431,567
	Less: amount representing interest		22,744
	Present value of minimum lease payments	\$	408,823

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.

The scheduled principal and interest payments on the note payable to a bank as of June 30, 2015, are as follows:

<u>Year ending June 30,</u>	<u>Jail Loan Principal</u>	<u>Jail Loan Interest</u>	<u>Total</u>
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	161,411	17,754	179,165
2021-2024	542,226	25,128	567,354
	\$ 1,305,907	\$ 157,270	\$ 1,463,177

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. County Debt (Continued)

Primary Government (Continued)

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:

2016		\$ 92,205
2017		92,207
		\$ 184,412

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.

A summary of the Airport Fund bonds payable as of June 30, 2015 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	\$ 2,475,000
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The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2015, is as follows:

Year ending June 30,	Principal	Interest	Total
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	150,000	50,030	200,030
2021-2025	900,000	197,911	1,097,911
2026-2028	900,000	52,395	952,395
	\$ 2,475,000	\$ 520,818	\$ 2,995,818

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. County Debt (Continued)

Component Unit

Long-Term Debt Memorial Hospital of Sheridan County

As of June 30, 2015, the Memorial Hospital of Sheridan County had capital lease obligations of \$96,060 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, 2015, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal Notes and Capital Leases</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 32,127	\$ 4,710	\$ 36,837
2017	34,034	2,803	36,837
2018	29,899	798	30,697
Total minimum payments	<u>\$ 96,060</u>	<u>\$ 8,311</u>	<u>\$ 104,371</u>

Note 8. Operating Leases

The County leases certain copiers and vehicles under non-cancelable operating leases. For the year ended June 30, 2015, rental expense was \$84,419.

Minimum annual payments under this lease are as follows:

2016	\$ 64,430
2017	29,252
	<u>\$ 93,682</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, 2015 was \$842,091. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2015, with initial or remaining lease terms in excess of one year are not considered material.

Note 9. Defined Benefit 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 Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Defined Benefit Pension Plans (Continued)

Pension Plans

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

Public Employees' Pension Plan

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

PEPP members are required to contribute 8.25% of their annual covered salary and the County is required to contribute 7.62% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 11.25% of the required contribution and the employees pay 4.62%. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the PEPP for the years ended June 30, 2015, 2014 and 2013 were \$489,244, \$402,402, and \$589,465, while the employees' portion was \$200,916, \$187,463, and \$0, respectively, equal to the required contributions for each year.

The County's component units, Weed and Pest and the Library currently pay all of the required employee's contribution and the Fair pays 11.25% of the required contribution and the employees pay 4.62%. The County's contributions to the PEPP for the years ended June 30, 2015, 2014 and 2013 were \$157,823, \$143,605, and \$147,799, while the employees' portion was \$9,192, \$8,683, and \$0, respectively, equal to the required contributions for each year.

July 1, 2015, the employer contribution rate will increase by 0.75% from 7.62% to 8.37%. The employee contribution rate will remain the same at 8.25%.

Law Enforcement Pension Plan

The County also participates in the Law Enforcement Pension Plan. Law Enforcement Pension Plan members are required to contribute 8.60% of their annual covered salary and the County is required to contribute 8.60% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 11.90% of the required contribution and the employees pay 5.30%. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The County's contributions to the Law Enforcement Pension Plan for the years ended June 30, 2015, 2014 and 2013 were \$241,190, \$225,625, and \$263,939, while the employees' portion was \$97,032, \$94,941, and \$70,831, respectively, equal to the required contributions for each year.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Defined Benefit Pension Plans (Continued)

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

At June 30, 2015, the County reported a total liability of \$4,852,398 for its proportionate share of the net pension liability. The County's component units: Weed and Pest, Fair, and Library reported \$194,878, \$196,399, and \$671,059, respectively, for their proportionate share on the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2014. The County's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At December 31, 2014, the County's liability as well as their proportion and increase from its proportion measured at December 31, 2013 was as follows for each plan in which the County participates:

	Pension liability at December 31, 2014	Proportion at December 31, 2014	Increase (decrease) from December 31, 2013
County			
Public Employees' Pension Plan	\$ 4,507,475	0.255425552%	-0.005266706%
County - Sheriff			
Law Enforcement Pension Plan	\$ 344,923	1.170668484%	-0.045614121%
Weed and Pest			
Public Employees' Pension Plan	\$ 194,878	0.011043182%	-0.000847784%
Fair			
Public Employees' Pension Plan	\$ 196,399	0.011129366%	0.000416991%
Library			
Public Employees' Pension Plan	\$ 671,059	0.038026982%	-0.000326269%

For the year ended June 30, 2015, the County and its component units Weed and Pest, Fair, and Library recognized pension expense of \$1,133,427, \$27,382, \$46,926, and \$134,021, respectively. At June 30, 2015, the County and its component units reported deferred outflows of resources related to pensions from the following sources:

	Component Units			
	County	Weed and Pest	Fair	Library
Net difference between projected and actual earnings on pension plan	\$ 505,795	\$ 15,978	\$ 16,103	\$ 55,021
Board contributions subsequent to the measurement date	545,101	14,949	15,250	53,565
Total	\$ 1,050,896	\$ 30,927	\$ 31,353	\$ 108,586

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plans (Continued)

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

The County reported \$545,101 as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The County's component units: Weed and Pest, Fair, and Library reported \$14,949, \$15,250, and \$53,565, respectively as deferred outflows of resources related to pensions resulting from their contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Component Units			
	County	Weed and Pest	Fair	Library
Year ended June 30,				
2016	\$ 126,449	\$ 3,995	\$ 4,026	\$ 13,755
2017	126,449	3,995	4,026	13,755
2018	126,449	3,995	4,026	13,755
2019	126,448	3,993	4,025	13,756
	<u>\$ 505,795</u>	<u>\$ 15,978</u>	<u>\$ 16,103</u>	<u>\$ 55,021</u>

Actuarial Assumptions

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

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Defined Benefit Pension Plans (Continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed income	15.00%	9.80%
Equity	55.00%	6.66%
Marketable alternatives	15.50%	4.19%
Private markets	12.00%	7.13%
Total	100.00%	

Discount Rate

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

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Defined Benefit Pension Plans (Continued)

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

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 7,043,816	\$ 4,507,475	\$ 2,377,533
Law Enforcement Pension Plan	1,204,359	344,922	(364,315)
Component Units			
Weed & Pest	304,535	194,878	102,791
Fair	306,912	196,399	103,594
Library	1,048,662	671,059	353,960

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

Prior Period Adjustment

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

	June 30, 2014	Adjustment	June 30, 2014 as restated
County - governmental activities			
Deferred outflows	\$ -	\$ 444,177	\$ 444,177
Net pension liability	\$ -	\$ 3,846,177	\$ 3,846,177
Net position	\$ 58,775,548	\$ (3,402,000)	\$ 55,373,548
County - business activities			
Deferred outflows	\$ -	\$ 27,648	\$ 27,648
Net pension liability	\$ -	\$ 339,475	\$ 339,475
Net position	\$ 19,900,691	\$ (311,827)	\$ 19,588,864
Component Units			
Weed and Pest			
Deferred outflows	\$ -	\$ 15,114	\$ 15,114
Net pension liability	\$ -	\$ 180,790	\$ 180,790
Net position	\$ 2,242,598	\$ (165,676)	\$ 2,076,922
Fair			
Deferred outflows	\$ -	\$ 13,177	\$ 13,177
Net pension liability	\$ -	\$ 162,871	\$ 162,871
Net position	\$ 1,797,243	\$ (149,694)	\$ 1,647,549
Library			
Deferred outflows	\$ -	\$ 47,970	\$ 47,970
Net pension liability	\$ -	\$ 583,123	\$ 583,123
Net position	\$ 6,766,820	\$ (535,153)	\$ 6,231,667

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 10. 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, 2015, the County had the following assignments of fund balance:

Business incubator	\$ 46,236
Courthouse remodel	1,000,000
Detention center/rural	110,000
Economic development	135,000
Emergency reserve	480,000
Equipment	125,000
General fund cash reserve	3,028,868
General fund insurance reserve	100,000
Health insurance reserve	300,000
Information and technology	250,000
Conservation reserve	56,385
Law enforcement and emergency services	850,000
Road and bridge	200,000
	<hr/>
	<u>\$ 6,681,489</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.

Note 11. 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.

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, 2015, 2014, and 2013 was \$2,331,058, \$1,917,953, and \$1,751,988, respectively. The expense is determined on an accrual basis.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 12. Commitments and Contingencies

As of June 30, 2015, the County and the Airport had approximately \$973,212 and \$126,613, 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, 2015, 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, 2015, 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.

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 \$160,000 as of June 30, 2015.

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 \$110,000 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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 13. Risk Management (Continued)

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 2015 and 2014 were approximately \$140,000 and \$140,000, respectively.

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

	2015	2014
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	28,368	45,676
Claims paid	(28,368)	(45,676)
	\$ -	\$ -

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, 2015 and 2014 are as follows:

	2015	2014
Health care risk management liability, beginning of year	\$ 303,416	\$ 225,875
Claims incurred	2,211,720	2,092,291
Claims paid	(2,185,540)	(2,014,750)
	\$ 329,596	\$ 303,416

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage. There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2015.

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, 2015, 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, 2015.

During the fiscal year ended June 30, 2015, the County provided \$450,000, \$295,000, and \$1,261,000 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, 2015

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 2015, the retirees contributed premiums of \$1,397 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.

Annual required contribution	\$ 146,762
Interest on prior year Net OPEB obligation	34,734
Adjustment to ARC	(38,638)
Annual OPEB cost (expense)	<u>142,858</u>
Contributions made	<u>(1,227)</u>
Increase in net OPEB obligation	144,085
Net OPEB obligation, beginning of year	<u>809,656</u>
Net OPEB obligation, end of year	<u><u>\$ 953,741</u></u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 15. Other Postemployment Benefits (Continued)

Annual OPEB Cost (Continued)

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 162,072	84.8%	\$ 693,852
June 30, 2014	\$ 161,990	28.5%	\$ 809,656
June 30, 2015	\$ 142,858	(0.9)%	\$ 953,741

Funded Status and Funding Progress

As of June 30, 2015, the plan was not funded. The actuarial accrued liability for benefits was \$953,741 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$1,194,504. The covered payroll was \$6,615,025 and the ratio of the UAAL to the covered payroll was 18 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.

In the June 30, 2015 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4.29 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns 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”.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 16. Extraordinary Item

In June 2014, the County attorney's office was damaged due to arson. In the fiscal year ended June 30, 2015, the County has received an insurance recovery of \$926,521 which was reported as an extraordinary item in the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds. Subsequent to the year end the County received approximately \$180,000 in additional insurance recovery.

Note 17. Subsequent Events

Subsequent to June 30, 2015, the County approved \$149,963 in contracts for renovation of the Airport Sensational Kids building, parking lot improvements at the Fairgrounds and the Monarch Road Bridge project. In addition, the County received approximately \$180,000 of additional insurance recovery related to the damage of the County attorney's office due to arson.

Note 18. Accounting Standards Issued, But Not Implemented

As of June 30, 2015, the Governmental Accounting Standards Board has issued the following standards which Sheridan County may implement in its next fiscal year.

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

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

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2015

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 2016. 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, 2008, 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:

2015 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>
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>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2015

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:

	2015	
<u>Condition Rating</u>	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	29	72.50%
Borderline (50 to 80 points)	3	7.50%
Deficient (less than 50 points)	8	20.00%
	<u>40</u>	<u>100.00%</u>
	2014	
<u>Condition Rating</u>	<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>
	2013	
<u>Condition Rating</u>	<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>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2015

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)						
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
2015	2,416,677	2,357,047	59,630	100,000	94,675	5,325

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT HEALTHCARE PLAN
June 30, 2015

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, 2011	\$ -	\$ 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, 2015	\$ -	\$ 1,194,504	\$ 1,194,504	0%	\$ 6,615,025	18.1%

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

1. Valuation Date	June 30, 2015
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	4.29%
b. Healthcare Cost Trend Rate (HCCTR)	8% (decreasing over time to 5%)
c. 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, 2015

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 12,187,000	\$ 12,187,000	\$ 11,962,996	\$ (224,004)
Licenses and permits	182,800	182,800	229,740	46,940
Charges for services	1,284,300	1,284,300	1,279,746	(4,554)
Miscellaneous	865,100	865,100	972,102	107,002
One cent optional tax	1,910,000	1,910,000	1,974,949	64,949
Enhanced emergency 911 tax	266,100	266,100	264,032	(2,068)
Grant revenue	1,375,392	2,816,541	2,075,833	(740,708)
WIC	47,860	47,860	22,180	(25,680)
Rents, royalties, interest and fines	119,000	119,000	120,683	1,683
Total revenues	18,237,552	19,678,701	18,902,261	(776,440)
Expenditures				
County commissioners	426,801	426,801	414,877	11,924
County clerk	549,736	552,736	552,547	189
Elections	271,335	224,335	205,170	19,165
Administration	294,045	295,045	294,817	228
County treasurer	402,039	409,539	409,478	61
County assessor	628,486	628,486	610,204	18,282
County attorney	1,022,347	1,022,347	1,009,594	12,753
County coroner	81,742	114,742	113,981	761
Clerk of district court	522,588	522,588	483,477	39,111
Building and maintenance	391,503	391,503	373,408	18,095
Information technology	468,973	468,973	458,477	10,496
Fixed costs	2,618,550	2,610,050	2,603,908	6,142
One cent optional	1,910,000	1,910,000	1,844,215	65,785
General government	9,588,145	9,577,145	9,374,153	202,992
County sheriff	2,185,028	2,115,028	2,067,864	47,164
Detention center	2,662,111	2,612,111	2,502,204	109,907
E911	316,000	316,000	309,641	6,359
Emergency management	50,854	50,854	49,394	1,460
Public safety	5,213,993	5,093,993	4,929,103	164,890

(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, 2015

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works	\$ 978,994	\$ 978,994	\$ 959,371	\$ 19,623
Road and bridge	1,178,410	1,178,410	1,097,796	80,614
Public works	2,157,404	2,157,404	2,057,167	100,237
WIC	47,860	47,860	21,968	25,892
Community health	453,170	453,170	425,576	27,594
Health, welfare and recreation	501,030	501,030	447,544	53,486
County extention	151,136	151,136	146,627	4,509
Conservation of natural resources	151,136	151,136	146,627	4,509
Capital funding	1,460,100	1,591,100	1,590,285	815
Capital outlay	1,460,100	1,591,100	1,590,285	815
Grants	858,764	2,269,913	1,740,063	529,850
Grants	858,764	2,269,913	1,740,063	529,850
Total expenditures	19,930,572	21,341,721	20,284,942	1,056,779
Excess (deficiency) of revenues over expenditures	(1,693,020)	(1,663,020)	(1,382,681)	(280,339)
Other financing sources (uses)				
Transfers in	325,000	325,000	351,249	26,249
Transfers out	-	-	(505,153)	(505,153)
Total other financing sources (uses)	325,000	325,000	(153,904)	478,904
Net change in fund balance	(1,368,020)	(1,338,020)	(1,536,585)	\$ (198,565)
Fund balance, beginning of year	8,717,481	8,717,481	8,717,481	
Fund balance, end of year	\$ 7,349,461	\$ 7,379,461	\$ 7,180,896	

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, 2015

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,822,010	\$ 222,010
Intergovernmental	-	-	8,967	8,967
Investment income	-	-	722	722
	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,831,699</u>	<u>231,699</u>
Expenditures				
Capital outlay	2,195,000	2,195,000	2,100,474	94,526
Total expenditures	<u>2,195,000</u>	<u>2,195,000</u>	<u>2,100,474</u>	<u>94,526</u>
Excess (deficiency) of revenues over expenditures	(595,000)	(595,000)	(268,775)	326,225
Other financing sources (uses)				
Transfers in	262,000	262,000	767,153	505,153
Transfers out	<u>(325,000)</u>	<u>(325,000)</u>	<u>(351,249)</u>	<u>(26,249)</u>
Total other financing sources (uses)	<u>(63,000)</u>	<u>(63,000)</u>	<u>415,904</u>	<u>478,904</u>
Net change in fund balance	(658,000)	(658,000)	147,129	<u>\$ 805,129</u>
Fund balance, beginning of year	<u>178,436</u>	<u>178,436</u>	<u>178,436</u>	
Fund balance, end of year	<u>\$ (479,564)</u>	<u>\$ (479,564)</u>	<u>\$ 325,565</u>	

See accompanying note to required supplementary information

SHERIDAN COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 fiscal years

(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public Employees Pension Plan - County			
Proportion of the net pension liability	0.255425552%	*	*
Proportionate share of the net pension liability	\$ 4,507,475	*	*
Covered-employee payroll	4,366,276	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.170668484%	*	*
Proportionate share of the net pension liability	\$ 344,923	*	*
Covered-employee payroll	1,730,141	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.94%	*	*
Plan fiduciary net position as a percentage of the total pension liability	94.76%	*	*
Public Employees Pension Plan - Component Units			
Weed and Pest			
Proportion of the net pension liability	0.011043182%	*	*
Proportionate share of the net pension liability	\$ 194,878	*	*
Covered-employee payroll	188,774	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*
Fair			
Proportion of the net pension liability	0.011129366%	*	*
Proportionate share of the net pension liability	\$ 196,399	*	*
Covered-employee payroll	190,247	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*
Library			
Proportion of the net pension liability	0.038026982%	*	*
Proportionate share of the net pension liability	\$ 671,059	*	*
Covered-employee payroll	650,038	*	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.23%	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*

See accompanying note to required supplementary information

2012	2011	2010	2009	2008	2007	2006
*	*	*	*	*	*	*
*	*	*	*	*	*	*
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SHERIDAN COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	2015	2014	2013
Public Employees Pension Plan - County			
Contractually required contribution	\$ 677,068	*	*
Contributions in relations to the contractually required contributions	(677,068)	*	*
Contribution deficiency (excess)	\$ -	*	*
Covered-employee payroll	\$ 4,366,276	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 311,660	*	*
Contributions in relations to the contractually required contributions	(311,660)	*	*
Contribution deficiency (excess)	\$ -	*	*
Covered-employee payroll	\$ 1,730,141	*	*
Contributions as a percentage of covered-employee payroll	18.01%	*	*
Public Employees Pension Plan - Component Units			
Weed and Pest			
Contractually required contribution	\$ 29,273	*	*
Contributions in relations to the contractually required contributions	(29,273)	*	*
Contribution deficiency (excess)	\$ -	*	*
Covered-employee payroll	\$ 188,774	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*
Fair			
Contractually required contribution	\$ 29,501	*	*
Contributions in relations to the contractually required contributions	(29,501)	*	*
Contribution deficiency (excess)	\$ -	*	*
Covered-employee payroll	\$ 190,247	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*
Library			
Contractually required contribution	\$ 100,800	*	*
Contributions in relations to the contractually required contributions	(100,800)	*	*
Contribution deficiency (excess)	\$ -	*	*
Covered-employee payroll	\$ 650,038	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*

See accompanying note to required supplementary information

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
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SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

Note 1. Basis of Budgeting

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 13,210,385	\$ (27,045)	\$ (1,220,344)	\$ 11,962,996
Licenses and permits	230,613	(1,617)	744	229,740
Intergovernmental	3,632,151	(106,348)	(3,525,803)	-
Charges for services	1,163,201	(33,511)	150,056	1,279,746
Investment income	69,136	(17,320)	(51,816)	-
Miscellaneous	29,907	(8,945)	951,140	972,102
One cent optional tax	-	-	1,974,949	1,974,949
Enhanced emergency 911 tax	-	-	264,032	264,032
Grant revenue	-	-	2,075,833	2,075,833
WIC	-	-	22,180	22,180
Rents, royalties, interest and fines	-	-	120,683	120,683
Insurance proceeds	-	-	(741,529)	-
Procees from sale of assets	-	-	(20,125)	-
	<u>\$ 18,335,393</u>	<u>\$ (194,786)</u>	<u>\$ -</u>	<u>\$ 18,902,261</u>
Expenditures				
General government	\$ 9,604,076	\$ 498,638	\$ (728,561)	\$ 9,374,153
Public safety	5,051,493	(116,150)	(6,240)	4,929,103
Public works	1,877,880	179,287	-	2,057,167
Health, welfare and recreation	810,191	8,354	(371,001)	447,544
Conservation of natural resources	146,138	489	-	146,627
Debt service: Principal	327,862	(327,862)	-	-
Interest	64,081	(64,081)	-	-
Capital outlay	1,688,631	535,915	(634,261)	1,590,285
Grants	-	-	1,740,063	1,740,063
Transfers out	-	-	(505,153)	-
	<u>\$ 19,570,352</u>	<u>\$ 714,590</u>	<u>\$ (505,153)</u>	<u>\$ 20,284,942</u>

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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	\$ 1,814,448	\$ 7,562	\$ -	\$ 1,822,010
Intergovernmental revenues	16,614	(7,647)	-	8,967
Investment income	722	-	-	722
	<u>\$ 1,831,784</u>	<u>\$ (85)</u>	<u>\$ -</u>	<u>\$ 1,831,699</u>
Expenditures				
Debt service: Principal	\$ 32,228	\$ (32,228)	\$ -	\$ -
Capital outlay	2,013,105	87,369	-	2,100,474
	<u>\$ 2,045,333</u>	<u>\$ 55,141</u>	<u>\$ -</u>	<u>\$ 2,100,474</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 600,076	\$ 50,076
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>600,076</u>	<u>50,076</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>548,000</u>	<u>548,000</u>	<u>598,076</u>	<u>50,076</u>
Other financing sources (uses)				
Transfers out	<u>(262,000)</u>	<u>(262,000)</u>	<u>(262,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(262,000)</u>	<u>(262,000)</u>	<u>(262,000)</u>	<u>-</u>
Net change in fund balance	286,000	286,000	336,076	<u>\$ 50,076</u>
Fund balance, beginning of year	<u>710,059</u>	<u>710,059</u>	<u>710,059</u>	
Fund balance, ending of year	<u>\$ 996,059</u>	<u>\$ 996,059</u>	<u>\$ 1,046,135</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, 2015

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax	\$ 1,080,770	\$ 1,080,770	\$ 1,027,401	\$ (53,369)
Grants	107,856	107,856	74,356	(33,500)
Charges for services	102,500	102,500	106,369	3,869
Investment income	-	-	1,412	1,412
Miscellaneous	29,748	29,748	64,760	35,012
Total revenues	<u>1,320,874</u>	<u>1,320,874</u>	<u>1,274,298</u>	<u>(46,576)</u>
Expenditures				
Conservation of natural resources	1,544,518	1,544,518	1,408,565	135,953
Capital outlay	112,000	112,000	75,893	36,107
Total expenditures	<u>1,656,518</u>	<u>1,656,518</u>	<u>1,484,458</u>	<u>172,060</u>
Excess (deficiency) of revenues over (under) expenditures	(335,644)	(335,644)	(210,160)	<u>\$ 125,484</u>
Fund balance, beginning of year	<u>1,336,915</u>	<u>1,336,915</u>	<u>1,336,915</u>	
Fund balance, end of year	<u>\$ 1,001,271</u>	<u>\$ 1,001,271</u>	<u>\$ 1,126,755</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, 2015

	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	64,200	64,200	76,958	12,758
Public support	-	-	18,787	18,787
Investment income	-	-	1,233	1,233
Miscellaneous	40,650	40,650	-	(40,650)
Total revenues	<u>554,850</u>	<u>554,850</u>	<u>546,978</u>	<u>(7,872)</u>
Expenditures				
Health, welfare and recreation	554,850	554,850	646,762	(91,912)
Total expenditures	<u>554,850</u>	<u>554,850</u>	<u>646,762</u>	<u>(91,912)</u>
Deficiency of revenues over expenses	-	-	(99,784)	<u>\$ (99,784)</u>
Fund balance, beginning of year	<u>500,190</u>	<u>500,190</u>	<u>500,190</u>	
Fund balance, end of year	<u>\$ 500,190</u>	<u>\$ 500,190</u>	<u>\$ 400,406</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, 2015

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 1,261,000	\$ 1,261,000	\$ 1,261,000	\$ -
Grants	4,000	-	2,763	2,763
Charges for services	32,000	32,000	37,737	5,737
Fulmer Trust	55,000	55,000	64,962	9,962
Sheridan County Library Foundation	103,000	103,000	97,944	(5,056)
Friends of the Library	50,000	50,000	50,000	-
Investment income	250	250	203	(47)
Total revenues	<u>1,505,250</u>	<u>1,501,250</u>	<u>1,514,609</u>	<u>13,359</u>
Expenditures				
Health, welfare and recreation	1,561,550	1,561,550	1,493,099	68,451
Total expenditures	<u>1,561,550</u>	<u>1,561,550</u>	<u>1,500,349</u>	<u>61,201</u>
Excess (deficiency) of revenues over (under) expenditures	(56,300)	(60,300)	14,260	<u>\$ 74,560</u>
Fund balance, beginning of year	<u>104,985</u>	<u>104,985</u>	<u>104,985</u>	
Fund balance, end of year	<u>\$ 48,685</u>	<u>\$ 44,685</u>	<u>\$ 119,245</u>	

SHERIDAN COUNTY, WYOMING

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

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 119,244	\$ 168,787	\$ 288,031
Investments	-	1,529,935	1,529,935
Investments, restricted for endowment		1,232,727	1,232,727
Capital assets not being depreciated	855,786	-	855,786
Capital assets being depreciated, net of accumulated depreciation	2,914,822	-	2,914,822
Total assets	3,889,852	2,931,449	6,821,301
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	108,586	-	108,586
Total deferred inflows of resources	108,586	-	108,586
LIABILITIES			
Noncurrent liabilities			
Due in more than one year	50,842	-	50,842
Net pension liability	671,059	-	671,059
Total current liabilities	721,901	-	721,901
NET POSITION			
Invested in capital assets, net of related debt	3,770,608	-	3,770,608
Permanently restricted by donors	-	1,232,727	1,232,727
Unrestricted (deficiency)	(494,071)	1,698,722	1,204,651
Total net position	\$ 3,276,537	\$ 2,931,449	\$ 6,207,986

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, 2015

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
Revenues			
Intergovernmental revenues	\$ 1,357,934	\$ -	\$ 1,357,934
Charges for services	41,511	9,600	51,111
Investment income	203	89,919	90,122
Contributions	64,962	186,522	251,484
Miscellaneous	-	264	264
Total revenues	<u>1,464,610</u>	<u>286,305</u>	<u>1,750,915</u>
Expenses			
Current			
Health, welfare and recreation	1,379,459	249,778	1,629,237
Capital outlay	194,188	-	194,188
Total expenditures	<u>1,573,647</u>	<u>249,778</u>	<u>1,823,425</u>
Deficiency of revenues over expenditures	<u>(109,037)</u>	<u>36,527</u>	<u>(72,510)</u>
Other financing sources (uses)			
Transfers out	-	(96,529)	(96,529)
Transfers in	96,529	-	96,529
Contributions to an endowment	-	600	600
Contribution of capital by the County	48,229	-	48,229
	<u>144,758</u>	<u>(95,929)</u>	<u>48,829</u>
Net change in fund balance	35,721	(59,402)	(23,681)
Net position, beginning of year,	3,775,969	2,990,851	6,766,820
Prior period adjustment	(535,153)	-	(535,153)
Net position, beginning of year,	<u>3,240,816</u>	<u>2,990,851</u>	<u>6,231,667</u>
Net position, end of year	<u>\$ 3,276,537</u>	<u>\$ 2,931,449</u>	<u>\$ 6,207,986</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
MEMORIAL HOSPITAL OF SHERIDAN COUNTY AND FOUNDATION
June 30, 2015

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 6,288,920	\$ 1,192,973	\$ -	\$ 7,481,893
Investments	-	10,022,852	-	10,022,852
Assets limited as to use, current portion	1,346,902	-	-	1,346,902
Patient accounts receivable, net	10,741,439	-	-	10,741,439
Other receivables	543,812	730,772	-	1,274,584
Prepaid items and other current assets	508,347	-	-	508,347
Inventory	2,107,619	-	-	2,107,619
Investments, restricted for endowment	-	929,491	-	929,491
Assets limited as to use, long term portion	17,339,586	-	-	17,339,586
Capital assets not being depreciated	4,810,898	-	-	4,810,898
Capital assets being depreciated, net of accumulated depreciation	34,210,707	-	-	34,210,707
Other assets, long-term	1,970,786	1,070,524	-	3,041,310
Total assets	79,869,016	13,946,612	-	93,815,628
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	956,553	-	-	956,553
Accrued payroll and related expenses	3,618,502	-	-	3,618,502
Due to third-party payors	2,628,445	-	-	2,628,445
Noncurrent liabilities				
Due within one year	32,127	-	-	32,127
Due in more than one year	63,933	-	-	63,933
Total current liabilities	7,299,560	-	-	7,299,560
Deferred inflows of resources				
Deferred taxes	73,766	-	-	73,766
Total deferred inflows of resources	73,766	-	-	73,766
NET POSITION				
Invested in capital assets, net of related debt	38,925,545	-	-	38,925,545
Restricted for special purpose funds	544,721	7,344,478	-	7,889,199
Permanently restricted by donors	-	929,061	-	929,061
Unrestricted	33,025,424	5,673,073	-	38,698,497
Total net position	\$ 72,495,690	\$ 13,946,612	\$ -	\$ 86,442,302

SHERIDAN COUNTY, WYOMING

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

Year Ended June 30, 2015

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
Revenues				
Intergovernmental revenues	\$ 175,000	\$ -	\$ -	\$ 175,000
Charges for services	80,419,578	-	-	80,419,578
Investment income	66,353	487,444	-	553,797
Total revenues	<u>80,660,931</u>	<u>487,444</u>	<u>-</u>	<u>81,148,375</u>
Expenses				
Current				
Health and welfare	81,897,542	326,942	-	82,224,484
Total expenditures	<u>81,897,542</u>	<u>326,942</u>	<u>-</u>	<u>82,224,484</u>
Excess (deficiency) of revenues over expenditures	<u>(1,236,611)</u>	<u>160,502</u>	<u>-</u>	<u>(1,076,109)</u>
Other financing sources (uses)				
Non-operating gains	1,687,450	-	-	1,687,450
Contributions	555,984	867,111	(555,984)	867,111
Net change in restricted assets	167,029	-	(162,871)	4,158
Transfers in (out)	-	(718,855)	718,855	-
	<u>2,410,463</u>	<u>148,256</u>	<u>-</u>	<u>2,558,719</u>
Net change in net position	1,173,852	308,758	-	1,482,610
Net position, beginning of year	<u>71,321,838</u>	<u>13,637,854</u>	<u>-</u>	<u>84,959,692</u>
Net position, end of year	<u>\$ 72,495,690</u>	<u>\$ 13,946,612</u>	<u>\$ -</u>	<u>\$ 86,442,302</u>

SINGLE AUDIT

INTERNAL CONTROL AND COMPLIANCE INFORMATION

SHERIDAN COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	\$ 21,968
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	11-DG-10020000-027	19,737
Cooperative Forestry Assistance	10.664	13-DG-11020000-033	538
			<u>20,275</u>
Passed through Wyoming State Forestry Division Rural Development, Forestry, and Communities	10.672	09-DG-1102000-060	23,161
Total U.S. Department of Agriculture			<u>65,404</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	-	39,127
Total U.S. Department of Justice			<u>39,127</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation Airport Improvement Program	20.106	AIP-3-56-0027-0044	15,329
Airport Improvement Program	20.106	AIP-3-56-0027-0045	76,703
Airport Improvement Program	20.106	AIP-3-56-0027-0047	94,116
Airport Improvement Program	20.106	AIP-3-56-0027-0048	718,021
			<u>904,169</u>
Passed through Wyoming Department of Transportation <i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	20.205	CN03038	62,604
Highway Planning and Construction	20.205	CM15007	300,000
Total <i>Highway Planning and Construction Cluster</i>			<u>362,604</u>
Passed through Wyoming Department of Transportation Alcohol Open Container Requirements	20.607	-	12,380
Total U.S. Department of Transportation			<u>1,318,280</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, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health Centers for Disease Control and Prevention Public Health Emergency Preparedness	93.069	-	\$ 27,355 <u>27,355</u>
<i>TANF Cluster</i>			
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	-	45,540
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558	-	44,000
Total <i>TANF Cluster</i>			<u>89,540</u>
Passed through Wyoming Department of Health Community Services Block Grant	93.569	-	169,726 <u>169,726</u>
Total U.S. Department of Health and Human Services			<u>286,621</u>
<u>Executive Office of the President</u>			
Passed through Department of Criminal Investigations High Intensity Drug Trafficking Areas Program	95.001	-	381 <u>381</u>
Total Executive Office of the President			<u>381</u>
<u>Office of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	HS-11-GPD-SHE-SC-HSG11	40,454
Homeland Security Grant Program	97.067	HS-12-GPD-SHE-LS-HLE12	3,901
Homeland Security Grant Program	97.067	HS 13-GPD-SHE-LC-HLC13	2,755
Homeland Security Grant Program	97.067	HS 13-GPD-SHE-LS-HLE13	10,884
Homeland Security Grant Program	97.067	HS 13-GPD-SHE-LS-HLE13	9,129
Homeland Security Grant Program	97.067	HS-13-GPD-SHE-SC-HSG13	56,397
Homeland Security Grant Program	97.067	HS 14-GPD-SHE-LC-HLC14	7
Homeland Security Grant Program	97.067	HS 14-GPR-SHE-EM-GCF14	23,615
Homeland Security Grant Program	97.067	HS-14-GPD-SHE-SC-HSG14	1,524
Total Homeland Security Grant Program			<u>148,666</u>
Total Office of Homeland Security			<u>148,666</u>
			<u>\$ 1,819,352</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, 2015

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.

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	Amount provided to subrecipients
TANF	93.558	44,000
Community Services Block Grant	93.569	169,726
		\$ 213,726

Note 3. Airport Improvement Grant Revenue

During the fiscal year ended June 30, 2015, the Sheridan County Airport received the following revenues from Airport Improvement Grants passed through the Wyoming Transportation Department:

AIP-3-56-0027-0044	\$ 14,465
AIP-3-56-0027-0045	85,527
AIP-3-56-0027-0047	153,227
AIP-3-56-0027-0048	817,594
	\$ 1,070,813

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, 2015, the County recognized \$874,961 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, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming (County) as of and for the year ended June 30, 2015, 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 31, 2015

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 31, 2015



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, 2015. 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, 2015.

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 31, 2015

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified on all opinion units except for the Aggregate Discretely Presented Component Units Disclaimer of opinion – Aggregate Discretely Presented Component Units
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 federal 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 federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 904,169
20.205	Highway Planning and Construction	\$ 362,604

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

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2015

**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, 2015

There were no audit findings for the year ended June 30, 2014.