

**SHERIDAN COUNTY, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2016**

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sheridan County, Wyoming's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Memorial Hospital of Sheridan County, which represents 89 percent, 89 percent, and 92 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.

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

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

### ***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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of June 30, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, 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 22, 2016, 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 22, 2016

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# SHERIDAN COUNTY, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2016

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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, 2016. 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, 2016 by \$76,850,865 (net position). Of this amount \$6,307,460 (unrestricted net position) may be used to meet ongoing obligations, and \$68,428,973 is invested in capital assets, net of related debt.

As of June 30, 2016, the County's governmental funds reported combined fund balances of \$10,562,228. Unassigned fund balance of the combined fund balance was \$2,561,457.

The fund balance for the general fund was \$8,925,013 as of June 30, 2016, with an unassigned fund balance of \$2,561,456.

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 \$7,043,068 and \$4,852,398 as of June 30, 2016 and 2015, 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, 2016

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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, 2016

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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 \$76,850,865. By far the largest portion of the County's net position (89%) 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 \$1,706,573 in outstanding debt related to its capital assets. The unrestricted net position of \$6,307,460 (8%) may be used to meet the County's ongoing obligations.

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2016

The County's net position for the governmental activities as of June 30, 2016 was as follows:

	2016	Variance	2015
<b>ASSETS</b>			
Current assets	\$ 20,008,723	\$ 292,686	\$ 19,716,037
Capital assets, net of accumulated depreciation	52,343,240	2,034,841	50,308,399
Total assets	<u>72,351,963</u>	<u>2,327,527</u>	<u>70,024,436</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>2,499,954</u>	<u>1,511,829</u>	<u>988,125</u>
<b>LIABILITIES</b>			
Current liabilities	2,093,871	158,264	1,935,607
Due in more than one year	2,875,876	(295,801)	3,171,677
Net pension liability	6,505,762	2,037,852	4,467,910
Total liabilities	<u>11,475,509</u>	<u>1,900,315</u>	<u>9,575,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>5,063,890</u>	<u>(512,223)</u>	<u>5,576,113</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	50,636,667	1,004,117	49,632,550
Restricted	1,847,379	259,779	1,587,600
Unrestricted	5,828,472	1,187,368	4,641,104
Total net position	<u>\$ 58,312,518</u>	<u>\$ 2,451,264</u>	<u>\$ 55,861,254</u>

The County's net position for the business-type activities as of June 30, 2016 was as follows:

	2016	Variance	2015
<b>ASSETS</b>			
Current assets	\$ 1,183,243	\$ (16,038)	\$ 1,199,281
Capital assets, net of accumulated depreciation	20,167,306	(548,030)	20,715,336
Total assets	<u>21,350,549</u>	<u>(564,068)</u>	<u>21,914,617</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>177,497</u>	<u>114,726</u>	<u>62,771</u>
<b>LIABILITIES</b>			
Current liabilities	165,442	(39,305)	204,747
Due in more than one year	2,275,184	(129,977)	2,405,161
Net pension liability	537,306	152,818	384,488
Total liabilities	<u>2,977,932</u>	<u>(16,464)</u>	<u>2,994,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>11,767</u>	<u>11,767</u>	<u>-</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	17,792,306	(448,030)	18,240,336
Restricted	267,053	3,176	263,877
Unrestricted	478,988	209	478,779
Total net position	<u>\$ 18,538,347</u>	<u>\$ (444,645)</u>	<u>\$ 18,982,992</u>

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2016

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

Revenues	2016	Percentage	2015	Percentage	Variance
<b>General</b>					
Taxes	\$15,332,777	68.91%	\$14,919,173	72.42%	\$ 413,604
Payments in lieu of taxes	1,048,365	4.71%	874,961	4.25%	173,404
Investment income	73,195	0.33%	69,858	0.34%	3,337
Miscellaneous revenue	(7,028)	-0.03%	238,336	1.16%	(245,364)
Other grants and contributions	675,330	3.04%	854,561	4.15%	(179,231)
<b>Program Revenues</b>				<b>0.00%</b>	<b>-</b>
Charges for services	1,450,590	6.51%	1,393,815	6.77%	56,775
Operating grants and contributions	1,640,981	7.37%	721,765	3.50%	919,216
Capital grants contributions	2,036,527	9.14%	1,529,824	7.43%	506,703
<b>Total revenues</b>	<b>22,250,737</b>	<b>99.99%</b>	<b>20,602,293</b>	<b>100.00%</b>	<b>1,648,444</b>
<b>Expenses</b>					
General government	10,039,690	52.01%	10,353,183	50.28%	(313,493)
Public safety	5,265,785	27.27%	5,153,362	25.03%	112,423
Public works	2,069,745	10.72%	2,280,195	11.08%	(210,450)
Health, welfare, and recreation	727,431	3.77%	819,356	3.98%	(91,925)
Conservation of natural resources	232,778	1.21%	147,902	0.72%	84,876
Capital outlay	911,550	4.72%	1,773,740	8.61%	(862,190)
Interest on long-term debt	57,584	0.30%	64,081	0.31%	(6,497)
<b>Total expenses</b>	<b>19,304,563</b>	<b>100.01%</b>	<b>20,591,819</b>	<b>100.00%</b>	<b>(1,287,256)</b>
Excess of revenue over expenses before transfers and extraordinary item	2,946,174		10,474		2,935,700
Extraordinary item - insurance recovery	-	0.00%	926,521	4.50%	(926,521)
Transfers (out)	(494,910)		(449,289)		(45,621)
	(494,910)		477,232		
Changes in net position	2,451,264		487,706		<u>\$ 1,963,558</u>
Net position, beginning of year	55,861,254		58,775,548		
Prior period adjustment	-		(3,402,000)		
<b>Net position, end of year</b>	<b><u>\$58,312,518</u></b>		<b><u>\$55,861,254</u></b>		

The main elements of the change in net position relate to an increase in tax revenue and a decrease in capital outlay and overall expenses.

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2016

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

Revenues	2016	Percentage	2015	Percentage	Variance
General					
Taxes	\$ 43,305	2.44%	\$ 27,359	1.68%	\$ 15,946
Investment income	7,708	0.44%	6,989	0.43%	719
Miscellaneous	-	0.00%	2,175	0.13%	(2,175)
Program Revenues					
Charges for services	551,946	31.15%	601,887	37.06%	(49,941)
Operating grants and contributions	1,210	0.08%	4,076	0.25%	(2,866)
Capital grants and contributions	1,167,507	65.90%	981,449	60.44%	186,058
Total revenues	<u>1,771,676</u>	<u>100.00%</u>	<u>1,623,935</u>	<u>100.00%</u>	<u>147,741</u>
Expenses					
County Airport	2,711,231	100.00%	2,679,096	100.00%	32,135
Total expenses	<u>2,711,231</u>	<u>100.00%</u>	<u>2,679,096</u>	<u>100.00%</u>	<u>32,135</u>
Excess (deficiency) of revenue over expenses before transfers	(939,555)		(1,055,161)		115,606
Transfer in	<u>494,910</u>		<u>449,289</u>		<u>45,621</u>
Changes in net position	(444,645)		(605,872)		<u>\$ 161,227</u>
Net position, beginning of year	18,982,992		19,900,691		
Prior period adjustment	-		(311,827)		
Net position, end of year	<u>\$18,538,347</u>		<u>\$18,982,992</u>		

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

***Financial Analysis of the County's Funds***

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

At June 30, 2016, the County's governmental funds reported combined fund balances of \$10,562,228.

The General Fund is the main operating fund of the County. As of June 30, 2016, the total fund balance was \$8,925,013, while the unassigned General Fund balance was \$2,561,456.

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2016

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, 2016, the Capital Facilities Tax Fund shows a fund balance of \$201,340.

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, 2016, the County's Road Construction Fund shows a fund balance of \$1,435,875.

Revenues for governmental funds were approximately \$20.3 million for the fiscal year ended June 30, 2016. The following schedule presents revenues by source.

Revenues	2016	Percentage	2015	Percentage	Variance
Taxes	\$ 8,416,620	41.50%	\$ 15,024,833	72.38%	\$ (6,608,213)
Licenses and permits	264,223	1.29%	230,613	1.11%	33,610
Intergovernmental revenues	10,397,087	51.27%	4,239,594	20.42%	6,157,493
Charges for services	1,098,894	5.42%	1,163,201	5.60%	(64,307)
Investment income	70,357	0.35%	69,858	0.35%	499
Miscellaneous revenues	33,142	0.16%	29,907	0.14%	3,235
<b>Total revenues</b>	<b>\$20,280,323</b>	<b>100.00%</b>	<b>\$20,758,006</b>	<b>100.00%</b>	<b>\$ (477,683)</b>

Expenditures for governmental funds were approximately \$19.8 million for fiscal year 2016.

The following schedule presents expenditures by activities.

	2016	Percentage	2015	Percentage	Variance
<b>Current</b>					
General government	\$ 8,594,942	43.37%	\$ 9,604,076	44.43%	\$ (1,009,134)
Public safety	5,098,461	25.73%	5,051,493	23.37%	46,968
Public works	1,395,038	7.04%	1,877,880	8.69%	(482,842)
Health, welfare and recreation	702,368	3.54%	810,191	3.75%	(107,823)
Conservation of natural resources	223,143	1.13%	146,138	0.68%	77,005
<b>Debt Service</b>					
Principal	367,388	1.85%	360,090	1.67%	7,298
Interest	57,584	0.29%	64,081	0.30%	(6,497)
<b>Capital outlay</b>	<b>3,376,556</b>	<b>17.04%</b>	<b>3,703,736</b>	<b>17.13%</b>	<b>(327,180)</b>
<b>Total expenditures</b>	<b>\$19,815,480</b>	<b>100.00%</b>	<b>\$21,617,685</b>	<b>100.00%</b>	<b>\$ (1,802,205)</b>

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, 2016

#### *Capital Assets and Debt Administration*

The County's capital assets for its governmental activities as of June 30, 2016 were approximately \$52.3 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 1 percent.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	30,680,171	344,878	-	31,025,049
Construction in progress	576,626	3,454,832	823,920	3,207,538
Total capital assets not being depreciated	<u>32,220,114</u>	<u>3,799,710</u>	<u>823,920</u>	<u>35,195,904</u>
Capital assets being depreciated				
Land improvements	700,451	156,404	41,287	815,568
Buildings and building improvements	25,770,315	188,336	164,759	25,793,892
Equipment	5,445,290	155,397	114,392	5,486,295
Furnishings, computer equipment and software	3,023,772	56,845	54,608	3,026,009
Vehicles	1,225,727	225,261	179,866	1,271,122
Total capital assets being depreciated	<u>36,165,555</u>	<u>782,243</u>	<u>554,912</u>	<u>36,392,886</u>
Less accumulated depreciation for				
Land improvements	438,606	57,436	-	496,042
Buildings and building improvements	9,643,321	808,637	27,577	10,424,381
Equipment	4,413,289	429,768	105,604	4,737,453
Furnishings, computer equipment and software	2,634,689	89,756	48,613	2,675,832
Vehicles	947,365	129,367	164,890	911,842
Total accumulated depreciation	<u>18,077,270</u>	<u>1,514,964</u>	<u>346,684</u>	<u>19,245,550</u>
Total capital assets, being depreciated, net	<u>18,088,285</u>	<u>(732,721)</u>	<u>208,228</u>	<u>17,147,336</u>
Governmental activities, capital assets, net	<u>\$ 50,308,399</u>	<u>\$ 3,066,989</u>	<u>\$ 1,032,148</u>	<u>\$ 52,343,240</u>



**SHERIDAN COUNTY, WYOMING**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2016

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:

2016 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	320	75%	-	0%
Sub-standard	9.60	36%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>26.60</u>	<u>100%</u>	<u>440</u>	<u>100%</u>	<u>74</u>	<u>100%</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:

- Juvenile Justice Building Upgrade
- West Burkitt Parking Lot Addition
- Sheriff Office Drainage Improvement Project
- Fairgrounds Parking Lot A Upgrade
- County Road Projects
- Construction in progress as of the end of the current fiscal year was \$1,522,920 for Sheridan County. This amount included approximately \$1,426,538 in costs related to the County road and bridges, and \$96,382 in airport related projects.

**SHERIDAN COUNTY, WYOMING**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2016

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

	<u>Beginning Balance</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 1,125,806	\$ -	\$ -	\$ 1,125,806
Construction in progress	1,859,926	1,169,743	1,267,552	1,762,117
Total capital assets not being depreciated	<u>2,985,732</u>	<u>1,169,743</u>	<u>1,267,552</u>	<u>2,887,923</u>
Capital assets being depreciated				
Buildings, building improvements and runways	41,477,446	1,281,647	-	42,759,093
Equipment	2,235,487	-	-	2,235,487
Total capital assets being depreciated	<u>43,712,933</u>	<u>1,281,647</u>	<u>-</u>	<u>44,994,580</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	24,942,628	1,593,182	-	26,535,810
Equipment	1,040,701	138,686	-	1,179,387
Total accumulated depreciation	<u>25,983,329</u>	<u>1,731,868</u>	<u>-</u>	<u>27,715,197</u>
Total capital assets, being depreciated, net	<u>17,729,604</u>	<u>(450,221)</u>	<u>-</u>	<u>17,279,383</u>
Capital assets, net	<u>\$ 20,715,336</u>	<u>\$ 719,522</u>	<u>\$ 1,267,552</u>	<u>\$ 20,167,306</u>

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

***Budget information***

The Board of County Commissioners approached the fiscal year 2016 budget with the following assumptions: state and local revenues would be stable or decline; FY16 PILT funding would be reduced; employee benefit cost would increase; employee wage compensation would not increase, and there would be reduction in county staff levels; county services would continue to be provided at a high level of service. The board approved two amendments to the fiscal year budget that included transfers in the grant department, County Treasurer Office, County Clerk of District Court Office, Capital Improvement Department, E-911 Department, and Capital Facilities Road Department. Adjustments were made in operating expenses in the General Fund to appropriate \$740,492 in unanticipated grant expenses, and \$1,085,770 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$1,100 for the County Treasurer Office, \$4,900 for the County Clerk of District Court Office. Adjustments were made in the Capital Improvement Department to appropriate \$1,532,000 in expenses and \$1,356,000 in revenue. Funds from the general fund were transferred to a new health benefit fund; the funding was previously dedicated to the health benefit plan.

# SHERIDAN COUNTY, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2016

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### ***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 \$1,161,687 from a note payable and \$2,375,000 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 \$253,248 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, 2016 was \$92,207. Capital leases of \$291,638 were outstanding as of June 30, 2016 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 \$7,043,068 and \$4,852,398 as of June 30, 2016 and 2015, 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.

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## **BASIC FINANCIAL STATEMENTS**

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**SHERIDAN COUNTY, WYOMING**

STATEMENT OF NET POSITION  
June 30, 2016

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,917,272	\$ 89,695	\$ 12,006,967	\$ 8,750,842
Restricted cash for bond funded projects	-	84,007	84,007	-
Investments	236,551	633,984	870,535	5,367,984
Taxes receivable	5,364,846	-	5,364,846	174,568
Accounts receivable	285,994	18,468	304,462	14,045,695
Other receivables	-	-	-	415,642
Due from other governments	2,134,757	90,036	2,224,793	-
Due from primary government	-	-	-	16,501
Prepaid expenses and other current assets	-	-	-	563,917
Inventory	69,303	-	69,303	2,287,755
Internally designated investments	-	-	-	18,196,517
Restricted investments, long-term	-	267,053	267,053	7,502,703
Capital assets not being depreciated	35,195,904	2,887,923	38,083,827	11,026,548
Capital assets being depreciated, net of accumulated depreciation	17,147,336	17,279,383	34,426,719	36,581,133
Other assets, long-term	-	-	-	2,246,671
<b>Total assets</b>	<b>72,351,963</b>	<b>21,350,549</b>	<b>93,702,512</b>	<b>107,176,476</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items	2,499,954	177,497	2,677,451	425,967
<b>Total deferred outflows of resources</b>	<b>2,499,954</b>	<b>177,497</b>	<b>2,677,451</b>	<b>425,967</b>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	783,274	40,442	823,716	8,040,903
Due to other governments	628,746	-	628,746	-
Due to third party payors	-	-	-	251,000
Noncurrent liabilities				
Due within one year	681,851	125,000	806,851	34,034
Due in more than one year	2,875,876	2,275,184	5,151,060	104,058
Net pension liability	6,505,762	537,306	7,043,068	1,394,238
<b>Total liabilities</b>	<b>11,475,509</b>	<b>2,977,932</b>	<b>14,453,441</b>	<b>9,824,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items	127,854	11,767	139,621	33,555
Deferred taxes	4,936,036	-	4,936,036	-
<b>Total deferred inflows of resources</b>	<b>5,063,890</b>	<b>11,767</b>	<b>5,075,657</b>	<b>33,555</b>
<b>NET POSITION</b>				
Net investment in capital assets	50,636,667	17,792,306	68,428,973	47,543,748
Restricted by				
Voters	132,037	-	132,037	-
State statutes	1,715,342	-	1,715,342	-
Bond covenants	-	267,053	267,053	-
Donors	-	-	-	6,872,401
Restricted nonexpendable	-	-	-	2,347,387
Unrestricted	5,828,472	478,988	6,307,460	40,981,119
<b>Total net position</b>	<b>\$58,312,518</b>	<b>\$18,538,347</b>	<b>\$76,850,865</b>	<b>\$97,744,655</b>

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

	<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	\$ 10,039,690	\$ 986,625	\$ 5,547	\$ 138,168
Public safety	5,265,785	150,650	1,237,027	-
Public works	2,069,745	276,262	-	1,862,511
Health, welfare, and recreation	727,431	37,053	366,152	23,000
Conservation of natural resources	232,778	-	32,255	-
Capital outlay	911,550	-	-	12,848
Interest on long-term debt	57,584	-	-	-
Total governmental activities	<u>19,304,563</u>	<u>1,450,590</u>	<u>1,640,981</u>	<u>2,036,527</u>
Business-type activities				
Airport	<u>2,711,231</u>	<u>551,946</u>	<u>1,210</u>	<u>1,167,507</u>
Total primary government	<u>\$ 22,015,794</u>	<u>\$ 2,002,536</u>	<u>1,642,191</u>	<u>3,204,034</u>
Component units	<u>\$ 95,008,198</u>	<u>\$ 93,033,170</u>	<u>2,373,481</u>	<u>\$ 51,588</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		
		Transfers		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Prior period adjustment		
		Net position, end of year, as restated		
		Net position, end of year		

See accompanying notes to the financial statements



Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units Totals
Governmental Activities	Business Activity	Total	
\$ (8,909,350)	\$ -	\$ (8,909,350)	\$ -
(3,878,108)	-	(3,878,108)	-
69,028	-	69,028	-
(301,226)	-	(301,226)	-
(200,523)	-	(200,523)	-
(898,702)	-	(898,702)	-
(57,584)	-	(57,584)	-
<u>(14,176,465)</u>	<u>-</u>	<u>(14,176,465)</u>	<u>-</u>
-	(990,568)	(990,568)	-
<u>(14,176,465)</u>	<u>(990,568)</u>	<u>(15,167,033)</u>	<u>-</u>
-	-	-	450,041
5,450,529	-	5,450,529	1,060,948
4,553,260	-	4,553,260	-
5,328,988	43,305	5,372,293	-
675,330	-	675,330	-
1,048,365	-	1,048,365	-
73,195	7,708	80,903	129,853
-	-	-	78,841
(7,028)	-	(7,028)	498,731
<u>(494,910)</u>	<u>494,910</u>	<u>-</u>	<u>-</u>
<u>16,627,729</u>	<u>545,923</u>	<u>17,173,652</u>	<u>1,768,373</u>
<u>2,451,264</u>	<u>(444,645)</u>	<u>2,006,619</u>	<u>2,218,414</u>
55,861,254	18,982,992	74,844,246	97,052,839
-	-	-	(1,526,598)
<u>55,861,254</u>	<u>18,982,992</u>	<u>74,844,246</u>	<u>95,526,241</u>
<u>\$ 58,312,518</u>	<u>\$ 18,538,347</u>	<u>\$ 76,850,865</u>	<u>\$ 97,744,655</u>

**SHERIDAN COUNTY, WYOMING**

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,331,216	\$ 218,432	\$ 1,367,972	\$ 9,917,620
Investments	236,551	-	-	236,551
Taxes receivable	5,364,846	-	-	5,364,846
Accounts receivable	267,428	-	-	267,428
Due from other governments	1,697,047	369,807	67,903	2,134,757
Due from other funds	417,267	-	-	417,267
Inventory	-	69,303	-	69,303
Total assets	<u>\$ 16,314,355</u>	<u>\$ 657,542</u>	<u>\$ 1,435,875</u>	<u>\$ 18,407,772</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 544,287	\$ 38,935	\$ -	\$ 583,222
Due to other governments	628,746	-	-	628,746
Due to other funds	-	417,267	-	417,267
Refundable advances	8,874	-	-	8,874
Total liabilities	<u>1,181,907</u>	<u>456,202</u>	<u>-</u>	<u>1,638,109</u>
<b>Deferred inflows of resources</b>				
Deferred taxes	5,923,680	-	-	5,923,680
Deferred revenue from other government	283,754	-	-	283,754
Total deferred inflows of resources	<u>6,207,434</u>	<u>-</u>	<u>-</u>	<u>6,207,434</u>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	-	69,303	-	69,303
<b>Restricted</b>				
Voters resolution	-	132,037	-	132,037
Wyoming state statutes	279,467	-	1,435,875	1,715,342
<b>Committed</b>				
County resolutions	360,000	-	-	360,000
Assigned	5,724,090	-	-	5,724,090
Unassigned	2,561,457	-	-	2,561,457
Total fund balances	<u>8,925,014</u>	<u>201,340</u>	<u>1,435,875</u>	<u>10,562,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,314,355</u>	<u>\$ 657,542</u>	<u>\$ 1,435,875</u>	<u>\$ 18,407,772</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, 2016

Total fund balances - governmental funds		\$ 10,562,229
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.		
		52,343,240
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.		
Taxes receivable	\$ 987,644	
Due from other government	283,754	
Deferred outflows of resources	2,499,954	
Deferred inflows of resources	<u>(127,854)</u>	3,643,498
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	(291,638)	
Note payable to a bank	(1,161,687)	
State Revolving Fund loan	(253,248)	
Reclamation and royalties liability	(77,500)	
Other postemployment employee benefits liability current year	(1,096,174)	
Compensated absences in total	(377,668)	
Repayment of sales tax due to incorrect distribution	(92,207)	
Pension liability	<u>(6,505,762)</u>	<u>(9,855,884)</u>
An internal service fund is used by the County's management to charge cost of medical insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the the statement of net position		
		<u>1,619,435</u>
Net position of governmental activities		<u><u>\$ 58,312,518</u></u>

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, 2016

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
<b>Revenues</b>				
Taxes	\$ 6,644,397	\$ 1,772,223	\$ -	\$ 8,416,620
Licenses and permits	264,223	-	-	264,223
Intergovernmental revenues	9,607,151	136,850	653,086	10,397,087
Charges for services	1,098,894	-	-	1,098,894
Investment income	68,538	1,819	-	70,357
Miscellaneous revenues	33,142	-	-	33,142
Total revenues	<u>17,716,345</u>	<u>1,910,892</u>	<u>653,086</u>	<u>20,280,323</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	8,594,942	-	-	8,594,942
Public safety	5,098,461	-	-	5,098,461
Public works	1,395,038	-	-	1,395,038
Health, welfare and recreation	702,368	-	-	702,368
Conservation of natural resources	223,143	-	-	223,143
<b>Debt Service</b>				
Principal	335,160	32,228	-	367,388
Interest	57,584	-	-	57,584
<b>Capital outlay</b>	910,366	2,249,230	216,960	3,376,556
Total expenditures	<u>17,317,062</u>	<u>2,281,458</u>	<u>216,960</u>	<u>19,815,480</u>
Excess (deficiency) of revenues over expenditures	399,283	(370,566)	436,126	464,843
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	40,739	-	-	40,739
Transfers in	417,267	633,680	-	1,050,947
Transfers (out)	(2,253,392)	(417,267)	(288,000)	(2,958,659)
Total other financing sources (uses)	<u>(1,795,386)</u>	<u>216,413</u>	<u>(288,000)</u>	<u>(1,866,973)</u>
Net changes in fund balances	(1,396,103)	(154,153)	148,126	(1,402,130)
Fund balances, beginning of year	10,321,117	355,493	1,287,749	11,964,359
Fund balances, end of year	<u>\$ 8,925,014</u>	<u>\$ 201,340</u>	<u>\$ 1,435,875</u>	<u>\$ 10,562,229</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, 2016

Net change in fund balances - total governmental funds		\$ (1,402,130)
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	\$ 4,581,953	
Fixed asset dispositions	(208,228)	
Assets transferred from construction in progress to fixed assets and infrastructure	(823,920)	
Depreciation expense for the year	<u>(1,514,964)</u>	2,034,841
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	(988,125)	
Deferred outflows and inflows - pension contributions and differences in investment returns - current year	<u>2,372,100</u>	1,383,975
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 the government-wide 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	117,185	
Principal payment on a note payable with a bank	144,220	
Principal payment on State Revolving Fund loan	13,778	
Repayment of sales tax due to incorrect distribution	92,205	
Reclamation liability	19,500	
Compensated absences - prior year	362,823	
Compensated absences - current year	(377,668)	
Liability for OPEB - prior year	953,741	
Liability for OPEB - current year	(1,096,174)	
Net pension liability - prior year	4,467,910	
Net pension liability - current year	<u>(6,505,762)</u>	(1,808,242)
An internal service fund is used by management to charge the costs of medical insurance to individual funds. The net income of certain activities of the internal service fund is reported with governmental activities		
		1,619,435
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes receivable prior year	(274,843)	
Taxes receivable current year	987,644	
Due from other government - prior year	(373,170)	
Due from other government - current year	<u>283,754</u>	623,385
Change in net position of governmental activities		<u><u>\$ 2,451,264</u></u>

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2016

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 89,695	\$ 1,999,652
Restricted cash for bond funded projects	84,007	-
Investments	633,984	-
Accounts receivable	18,468	18,565
Due from other governments	90,036	-
Investments restricted by bond covenants	267,053	-
Capital assets not being depreciated	2,887,923	-
Capital assets being depreciated, net of accumulated depreciation	17,279,383	-
Total assets	21,350,549	2,018,217
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pension items	177,497	-
Total deferred outflow of resources	177,497	-
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	40,442	191,177
Incurred but not reported claims	-	207,605
Current maturity of bonds payable	125,000	-
Total current liabilities	165,442	398,782
<b>DEFERRED INFLOW OF RESOURCES</b>		
Pension Items	11,767	-
Total deferred inflows of resources	11,767	-
Bonds payable, net of current maturity	2,250,000	-
Compensated absences	25,184	-
Net pension liability	537,306	-
Total long-term liabilities	2,812,490	-
<b>NET POSITION</b>		
Net investment in capital assets	17,792,306	-
Restricted by bond covenants	267,053	-
Unrestricted	478,988	1,619,435
Total net position	\$ 18,538,347	\$ 1,619,435

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2016

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Operating revenues		
Charges for services	\$ 551,946	\$ 2,235,459
Operating expenses		
Salaries and benefits	556,148	-
Operating expenses	366,113	465,962
Claims expenses	-	1,565,702
Depreciation	1,731,868	-
Total operating expenses	2,654,129	2,031,664
Operating income (loss)	(2,102,183)	203,795
Nonoperating revenues (expense)		
Taxes	21,632	-
Interest income	7,708	2,838
Interest expense	(57,103)	-
Passenger facility charges pledged as security for revenue bonds	21,674	-
Grants	1,210	-
Total nonoperating income (expense)	(4,879)	2,838
Income (loss) before contributions and transfers	(2,107,062)	206,633
Capital contributions - grants	1,167,507	-
Transfers in	494,910	1,412,802
Changes in net position	(444,645)	1,619,435
Net position, beginning of year	18,982,992	-
Net position, end of year	\$ 18,538,347	\$ 1,619,435

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

Year Ended June 30, 2016

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 547,543	\$ -
Payments to suppliers	(430,418)	(1,321,851)
Payments to employees	(409,098)	-
Receipts from interfund services provided	-	2,235,459
Payments for interfund services used	(102,168)	-
Net cash provided by (used by) operating activities	<u>(394,141)</u>	<u>913,608</u>
Cash Flows from Noncapital Financing Activities		
Passenger facility charges	21,674	-
Subsidy from tax revenue	21,632	-
Subsidy from state and federal grants	1,210	-
Net cash provided by noncapital financing activities	<u>44,516</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
State and federal capital grants	1,117,861	-
Transfer from primary government	494,910	1,083,206
Principal payment on bonds payable	(100,000)	-
Interest paid on bonds and note payable	(57,103)	-
Purchases of property and equipment	(1,183,836)	-
Net cash provided by capital and related financing activities	<u>271,832</u>	<u>1,083,206</u>
Cash Flows from Investing Activities		
Interest received	4,532	2,838
Proceeds from sale of investments	58,627	-
Net cash provided by investing activities	<u>63,159</u>	<u>2,838</u>
Net increase (decrease) in cash and cash equivalents	<u>(14,634)</u>	<u>1,999,652</u>
Cash and cash equivalents, including \$88,142 of restricted cash for bond funded projects, beginning of year	<u>188,336</u>	<u>-</u>
Cash and cash equivalents, including \$84,007 of restricted cash for bond funded projects, end of year	<u>\$ 173,702</u>	<u>\$ 1,999,652</u>

(Continued)

See accompanying notes to the financial statements



**SHERIDAN COUNTY, WYOMING**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**

Year Ended June 30, 2016

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Income (loss) from operations	\$ (2,102,183)	\$ 203,795
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities		
Depreciation and amortization	1,731,868	-
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Accounts receivable	(4,403)	(18,565)
Deferred outflows and inflows - pension plan items	(102,959)	-
Accounts payable and accrued liabilities	(64,305)	191,177
Incurred but not reported claims	-	537,201
Compensated absences	(4,977)	-
Net pension liability	152,818	-
Net cash provided by (used in) operating activities	\$ (394,141)	\$ 913,608
Cash paid for interest	\$ 57,400	\$ -

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2016

	<u>General Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,336,534
Taxes receivable	2,573,832
Due from other governments	627,209
Total assets	<u>\$ 7,537,575</u>
<b>LIABILITIES</b>	
Due to other taxing units	7,537,575
Total liabilities	<u>\$ 7,537,575</u>

See accompanying notes to the financial statements

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**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 2016

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,157,328	\$ 417,257	\$ 323,777
Investments	-	-	1,537,339
Taxes receivable	174,568	-	-
Accounts receivable	31,047	4,344	-
Other receivables	-	-	-
Due from primary government	16,501	-	-
Prepaid items and other current assets	-	-	-
Inventory	116,774	-	-
Internally designated investments	-	-	-
Investments, restricted by donors	-	-	1,232,727
Capital assets not being depreciated	-	-	868,461
Capital assets being depreciated, net of accumulated depreciation	765,489	2,112,793	2,833,342
Other assets, long-term	-	-	-
Total assets	<u>2,261,707</u>	<u>2,534,394</u>	<u>6,795,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items	<u>76,821</u>	<u>78,108</u>	<u>271,038</u>
Total deferred inflows of resources	<u>76,821</u>	<u>78,108</u>	<u>271,038</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	163,636	842	-
Due to third-party payors	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	19,887	9,562	44,710
Net pension liability	<u>254,338</u>	<u>257,956</u>	<u>881,944</u>
Total liabilities	<u>437,861</u>	<u>268,360</u>	<u>926,654</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Items	<u>6,847</u>	<u>6,108</u>	<u>20,600</u>
Total deferred inflows of resources	<u>6,847</u>	<u>6,108</u>	<u>20,600</u>
<b>NET POSITION</b>			
Net investment in capital assets	765,489	2,112,793	3,701,803
Restricted for operations and capital acquisitions	-	-	-
Permanently restricted by donors	-	-	1,407,727
Unrestricted	<u>1,128,331</u>	<u>225,241</u>	<u>1,009,900</u>
Total net position	<u>\$ 1,893,820</u>	<u>\$ 2,338,034</u>	<u>\$ 6,119,430</u>

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 6,852,480	\$ 8,750,842
3,830,645	5,367,984
-	174,568
14,010,304	14,045,695
415,642	415,642
-	16,501
563,917	563,917
2,170,981	2,287,755
18,196,517	18,196,517
6,269,976	7,502,703
10,158,087	11,026,548
30,869,509	36,581,133
2,246,671	2,246,671
<u>95,584,729</u>	<u>107,176,476</u>
-	425,967
<u>-</u>	<u>425,967</u>
7,876,425	8,040,903
251,000	251,000
34,034	34,034
29,899	104,058
-	1,394,238
<u>8,191,358</u>	<u>9,824,233</u>
-	33,555
<u>-</u>	<u>33,555</u>
40,963,663	47,543,748
6,872,401	6,872,401
939,660	2,347,387
38,617,647	40,981,119
<u>\$ 87,393,371</u>	<u>\$ 97,744,655</u>

**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2016

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Weed and Pest Control District	\$ 1,409,438	\$ 230,905	\$ 76,850	\$ -
Sheridan County Fair	667,875	67,797	414,810	51,588
Sheridan County Public Library	1,811,519	46,724	1,557,443	-
Memorial Hospital of Sheridan County	91,119,366	92,687,744	324,378	-
	\$ 95,008,198	\$ 93,033,170	\$ 2,373,481	\$ 51,588

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
\$ (1,101,683)	\$ -	\$ -	\$ -	\$ (1,101,683)
-	(133,680)	-	-	(133,680)
-	-	(207,352)	-	(207,352)
-	-	-	1,892,756	1,892,756
<u>(1,101,683)</u>	<u>(133,680)</u>	<u>(207,352)</u>	<u>1,892,756</u>	<u>450,041</u>
1,060,948	-	-	-	1,060,948
-	-	-	498,731	498,731
-	-	78,841	-	78,841
3,686	31	39,955	86,181	129,853
<u>1,064,634</u>	<u>31</u>	<u>118,796</u>	<u>584,912</u>	<u>1,768,373</u>
<u>(37,049)</u>	<u>(133,649)</u>	<u>(88,556)</u>	<u>2,477,668</u>	<u>2,218,414</u>
1,930,869	2,471,683	6,207,986	86,442,301	97,052,839
-	-	-	(1,526,598)	(1,526,598)
<u>1,930,869</u>	<u>2,471,683</u>	<u>6,207,986</u>	<u>84,915,703</u>	<u>95,526,241</u>
<u>\$ 1,893,820</u>	<u>\$ 2,338,034</u>	<u>\$ 6,119,430</u>	<u>\$ 87,393,371</u>	<u>\$ 97,744,655</u>

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# SHERIDAN COUNTY, WYOMING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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### **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, 2016

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### **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 operated as an enterprise fund of Sheridan County, Wyoming, and provides health care for the benefit of the Sheridan, Wyoming community and the surrounding area. The Hospital is a component unit of Sheridan County, Wyoming (the County). The hospital is governed by a board of seven trustees appointed by the Sheridan County Commissioners.

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 issues separate financial statements.

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, 2016

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### **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 funds:

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

The *Sheridan County Health Benefit Plan Fund* accounts for the transactions of the County's self-funded health plan.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**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 of Sheridan County 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.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

***Receivables and Payables (Continued)***

The Memorial Hospital of Sheridan County provides an allowance for uncollectible accounts using management's judgement. Patients are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 180 days past due are individually analyzed for collectability. Amounts for which no payments have been received are written off using management's judgement on a per account basis. In addition, an allowance is estimated for other accounts based on historical data. At June 30, 2016, the Hospital's allowance for uncollectible accounts was approximately \$5,192,000.

***Inventory***

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold.

***Endowments***

Restricted nonexpendable net position as of June 30, 2016 represents the principal of permanent endowments restricted in perpetuity by donors of the Library and Memorial Hospital of Sheridan County. Investment earnings, except for changes in fair market value, are expendable for specific purposes designated by the donors.

***Capital Assets***

Capital assets, which include property, equipment and infrastructure assets, are recorded in the government-wide financial statements at historical cost or at estimated historical cost if the actual historical cost is not available. 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

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

*Capital Assets (Continued)*

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.

*Goodwill*

Goodwill of \$1,614,952 as of June 30, 2016, for Memorial Hospital of Sheridan County, represents the excess of the purchase price over the fair value of the acquired assets of the business acquisition of Sheridan Radiology. The Hospital is amortizing this amount straight-line over three years. Amortization expense for the year ended June 30, 2016 was \$538,371. Accumulated amortization was \$807,480 as of June 30, 2016.

*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, 2016, was 12 mills, which means the County has levied to the maximum amount available.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

*Deferred Outflows and Deferred Inflows of Resources*

In addition to assets, the financial statements may include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements may include a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an increase of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred outflows and deferred inflows of resources as follows:

*Unavailable Revenues* – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, only property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied.

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

*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 15% of the County's total assessed property valuation. Seven of the 10 taxpayers are involved in mineral extraction industries. The remaining major taxpayer is a railroad company. The County received approximately 3% of its total revenues from these taxpayers.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

***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, 2016 was approximately \$745,602.

Memorial Hospital of Sheridan County's policies permits most employees to accumulate paid time-off benefits. Expense and related liability are recognized as benefits when earned. Accrued vacation liabilities are computed using the regular pay rates in effect at the statement of net position date.

***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, 2016.

***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.



# SHERIDAN COUNTY, WYOMING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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### **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 (Continued)*

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.

The County Commissioners amended the budget for the fiscal year ended June 30, 2016 to increase the general fund's grant revenues by \$1,085,770 and expenditures by \$740,492. The budget amendment also transferred from the county general fund grant revenues to the capital facility tax fund grant revenue of \$917,935. In addition, the budget amendment reallocated \$1,100 from the general fund's fixed cost department to the county treasurer's department and \$4,900 from the general fund's fixed cost department to the clerk of district court department.

# SHERIDAN COUNTY, WYOMING

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

##### *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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue. The Hospital maintains records to identify and monitor the level of charity it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and equivalent services statistics. The amount of charges forgone, based on established rates, was approximately \$2,521,000 for the year ended June 30, 2016.

##### *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. For the year ended June 30, 2016, gross patient service revenue was \$171,870,869, with total adjustments in the amount of \$81,150,873, amounting to a net patient service revenue of \$90,719,996.

##### *Medicare and Medicaid*

Acute care services provided to Medicare program beneficiaries were paid at prospectively determined rates per visit. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Memorial Hospital of Sheridan County is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through June 30, 2014. The Hospital'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 under contract with the Hospital.

Medicare reimburses the Hospital based on a fee schedule subject to various adjustments for most outpatient services. The following services are excluded from the APC payment methodology; services already paid on a fee schedule, and certain drugs, biological and medical devices identified as pass-through items.

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates, similar to Medicare. Outpatient services rendered to Medicaid program beneficiaries are reimbursed using prospectively determined rates.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

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

*Medicare and Medicaid (Continued)*

The Hospital has also entered into payment agreements with commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The hospital provides healthcare services to patients who have not purchased commercial healthcare insurance coverage and do not qualify as beneficiaries of the Medicare or Medicaid programs. Based upon financial information obtained, some of these patients qualify for discounts from charges under the Hospital's charity care policy.

*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. The estimates of fair value of investments and of pension liabilities are specifically significant to the County. It is reasonably possible that these estimates will change within one year of the date of the financial statement due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

*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, 2016, 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.

**SHERIDAN COUNTY, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**Note 2. Deposits and Investments (Continued)**

***Component Units***

As of June 30, 2016, 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.

***Investments***

As of June 30, 2016, the primary government of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less Than 1	1 - 5	6 - 10	More Than 10	Rating
Investments							
State Treasurer's Investment							
Pool (WYO-STAR)	\$ 869,535	0.41% - 0.43%	\$ 869,535	\$ -	\$ -	\$ -	Not rated
Certificate of deposit	1,000	0.208%	-	1,000			Not rated
	<u>\$ 870,535</u>		<u>\$ 869,535</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments - restricted							
U.S. Government Securities	\$ 267,053	1.25%	\$ 4,632	\$262,421	\$ -	\$ -	AA+

As of June 30, 2016, 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	Rating
Library Foundation							
Corporate bonds	\$ 64,244	2.23% - 3.99%	\$ -	\$ 49,238	\$ 15,006	\$ -	Not rated
Money market funds	100,696	n/a	100,696	-	-	-	Not rated
Mutual funds	283,600	n/a	283,600	-	-	-	Not rated
Equities	1,596,702	n/a	1,596,702	-	-	-	Not rated
U.S. treasuries	276,375	n/a	-	8,583	139,331	128,461	AA+/NR
U.S. government agency obligations	392,176	1.62% - 8.35%	-	51,298	101,182	239,696	AA+/NR
Certificate of deposit	56,273	0.00%	56,273	-	-	-	Not rated
Total	<u>\$ 2,770,066</u>		<u>\$ 2,037,271</u>	<u>\$109,119</u>	<u>\$255,519</u>	<u>\$368,157</u>	
Hospital							
Cash and cash equivalents	\$ 7,423,751	n/a	\$ 7,423,751	\$ -	\$ -	\$ -	Not rated
Certificates of deposit	12,521,105	0.40%	12,521,105	-	-	-	Not rated
Corporate bonds	1,367,892	1.35% - 6.1%	937,159	326,190	104,543	-	BB-/AA-
Equities	1,898,131	n/a	1,898,131	-	-	-	Not rated
Real estate investment trusts	208,246	n/a	208,246	-	-	-	Not rated
Mutual funds	4,878,013	n/a	4,878,013	-	-	-	Not rated
	<u>\$ 28,297,138</u>		<u>\$ 27,866,405</u>	<u>\$326,190</u>	<u>\$104,543</u>	<u>\$ -</u>	

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**Note 2. Deposits and Investments (Continued)**

***Fair Value Measurements***

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2016:

*External investment pool:* Valued at the net asset value (NAV) of shares held at year end, based on quoted prices for identical or similar assets in active markets.

*U.S. Treasury securities:* Valued at the closing price reported in the active market in which the individual securities are traded.

*Common stock:* Valued at the closing price reported in the active market in which the individual securities are traded.

*U.S. government obligations:* Valued using quoted prices for identical or similar assets in active markets.

*U.S. government agency mortgage backed securities:* Valued using quoted prices for identical or similar assets in active markets.

*Real estate investment trust:* Principal global real estate securities which do not have maturity dates and have no observable inputs for valuation.

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

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 2. Deposits and Investments (Continued)**

***Fair Value Measurements***

Primary government investments

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
WYO-STAR investment pool	\$ -	\$ 869,535	\$ -	\$ 869,535
U.S. government agency obligations	-	267,053	-	267,053
Total investments at fair value	\$ -	\$ 1,136,588	\$ -	1,136,588
Other investments				
Certificates of deposit				1,000
Total primary government investments				\$ 1,137,588
Investments				\$ 870,535
Restricted investments long-term				267,053
				\$ 1,137,588

Component unit investments

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Corporate bonds	\$ 1,432,136	\$ -	\$ -	\$ 1,432,136
Equities	3,494,833	-	-	3,494,833
Mutual funds	5,161,613	-	-	5,161,613
Real estate investment trusts	-	-	208,246	208,246
U.S. treasuries	276,375	-	-	276,375
U.S. government agency obligations	-	392,176	-	392,176
Total investments at fair value	\$ 10,364,957	\$ 392,176	\$ 208,246	10,965,379
Other investments				
Cash and cash equivalents				7,423,751
Certificates of deposit				12,577,378
Money market funds				100,696
Total component unit investments				\$ 31,067,204
Investments				\$ 5,367,984
Internally designated investments				18,196,517
Restricted investments long-term				7,502,703
				\$ 31,067,204

## SHERIDAN COUNTY, WYOMING

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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#### **Note 2. Deposits and Investments (Continued)**

##### ***Interest Rate Risk***

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

##### ***Credit Risk***

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and securities held in the external investment pool are not rated. 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, 2016, the County had 76% 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, 58% of their investments in equities, 10% of their investments in mutual funds, 2% of their investments in corporate bonds, 4% of their investments in money market funds, and 24% 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.

##### ***Custodial Credit Risk – Investments***

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

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 3. Accounts Receivable, Component Units**

The accounts receivable balance of the component units, including net patient receivables of Memorial Hospital of Sheridan County as of June 30, 2016, is comprised of the following:

Receivable from patients and their insurance carriers	\$ 18,045,552
Receivable from medicare	10,669,152
Receivable from medicaid	1,483,600
Gross patient receivable	30,198,304
Less allowance for contractual adjustments	(10,996,000)
Less allowance for uncollectible accounts	(5,192,000)
Patient receivables, net	14,010,304
Additional accounts receivable	35,391
Total accounts receivable, component units	\$ 14,045,695

**Note 4. Interfund Balances**

Interfund and intra-entity receivables and payables at June 30, 2016 are as follows:

	Receivable	Payable
General Fund	\$ 417,267	\$ -
Capital Facilities Tax Fund	-	417,267
	\$ 417,267	\$ 417,267

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.

	Transfers In	Transfers Out
General Fund	\$ 417,267	\$ 2,253,392
Capital Facilities Tax Fund	633,680	417,267
Road Construction Fund	-	288,000
Airport Fund	494,910	-
Health Insurance Fund	1,412,802	-
	\$ 2,958,659	\$ 2,958,659

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.



**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**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 in five annual installments of \$100,000 beginning in November 2013. The County recorded the receivable using the present value of the \$500,000 calculated at the County’s borrowing rate of 2.8% resulting in of \$455,851 receivable recorded at June 30, 2014. As of June 30, 2016 the County had the following principal and interest receivable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 91,952	\$ 8,048	\$ 100,000
2018	94,560	5,440	100,000
2019	97,242	2,758	100,000
	<u>\$ 283,754</u>	<u>\$ 16,246</u>	<u>\$ 300,000</u>

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**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 6. Capital Assets**

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	30,680,171	344,878	-	31,025,049
Construction in progress	576,626	3,454,832	823,920	3,207,538
Total capital assets not being depreciated	<u>32,220,114</u>	<u>3,799,710</u>	<u>823,920</u>	<u>35,195,904</u>
Capital assets being depreciated				
Land improvements	700,451	156,404	41,287	815,568
Buildings and building improvements	25,770,315	188,336	164,759	25,793,892
Equipment	5,445,290	155,397	114,392	5,486,295
Furnishings, computer equipment and software	3,023,772	56,845	54,608	3,026,009
Vehicles	1,225,727	225,261	179,866	1,271,122
Total capital assets being depreciated	<u>36,165,555</u>	<u>782,243</u>	<u>554,912</u>	<u>36,392,886</u>
Less accumulated depreciation for				
Land improvements	438,606	57,436	-	496,042
Buildings and building improvements	9,643,321	808,637	27,577	10,424,381
Equipment	4,413,289	429,768	105,604	4,737,453
Furnishings, computer equipment and software	2,634,689	89,756	48,613	2,675,832
Vehicles	947,365	129,367	164,890	911,842
Total accumulated depreciation	<u>18,077,270</u>	<u>1,514,964</u>	<u>346,684</u>	<u>19,245,550</u>
Total capital assets, being depreciated, net	<u>18,088,285</u>	<u>(732,721)</u>	<u>208,228</u>	<u>17,147,336</u>
Governmental activities, capital assets, net	<u>\$ 50,308,399</u>	<u>\$ 3,066,989</u>	<u>\$ 1,032,148</u>	<u>\$ 52,343,240</u>

Approximately \$1,145,360 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$211,631 is included in annual depreciation expense.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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	\$ 982,488
Public safety	129,368
Public works	403,108
	403,108
Total depreciation expense - governmental activities	\$ 1,514,964

Capital asset activity for the business-type activities of Sheridan County for the year ended June 30, 2016:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,125,806	\$ -	\$ -	\$ 1,125,806
Construction in progress	1,859,926	1,169,743	1,267,552	1,762,117
Total capital assets not being depreciated	2,985,732	1,169,743	1,267,552	2,887,923
Capital assets being depreciated				
Buildings, building improvements and runways	41,477,446	1,281,647	-	42,759,093
Equipment	2,235,487	-	-	2,235,487
Total capital assets being depreciated	43,712,933	1,281,647	-	44,994,580
Less accumulated depreciation for:				
Buildings, building improvements and runways	24,942,628	1,593,182	-	26,535,810
Equipment	1,040,701	138,686	-	1,179,387
Total accumulated depreciation	25,983,329	1,731,868	-	27,715,197
Total capital assets, being depreciated, net	17,729,604	(450,221)	-	17,279,383
Capital assets, net	\$20,715,336	\$ 719,522	\$ 1,267,552	\$20,167,306

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 6. Capital Assets (Continued)**

***Component Units***

Capital asset activity for each component unit for the year ended June 30, 2016, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2016, 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	326,716	-	-	326,716
Total capital assets being depreciated	<u>1,184,439</u>	<u>-</u>	<u>-</u>	<u>1,184,439</u>
Less accumulated depreciation for				
Buildings and improvements	133,111	21,890	-	155,001
Vehicles and equipment	240,361	23,588	-	263,949
Total accumulated depreciation	<u>373,472</u>	<u>45,478</u>	<u>-</u>	<u>418,950</u>
Total capital assets, being depreciated, net	<u>810,967</u>	<u>(45,478)</u>	<u>-</u>	<u>765,489</u>
Capital assets, net	<u>\$ 810,967</u>	<u>\$ (45,478)</u>	<u>\$ -</u>	<u>\$ 765,489</u>

Capital asset activity for the Sheridan County Fair for the year ended June 30, 2016, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Land improvements	\$ 3,734,474	\$ 51,588	\$ -	\$ 3,786,062
Buildings and building improvements	2,038,516	-	-	2,038,516
Equipment, grounds keeping	318,322	-	-	318,322
Equipment, other	18,054	-	-	18,054
Vehicles	53,250	-	-	53,250
Total capital assets being depreciated	<u>6,162,616</u>	<u>51,588</u>	<u>-</u>	<u>6,214,204</u>
Less accumulated depreciation for				
Land improvements	2,228,734	86,461	-	2,315,195
Buildings and building improvements	1,376,806	48,487	-	1,425,293
Equipment, grounds keeping	253,071	40,098	-	293,169
Equipment, other	18,054	-	-	18,054
Vehicles	39,050	10,650	-	49,700
Total accumulated depreciation	<u>3,915,715</u>	<u>185,696</u>	<u>-</u>	<u>4,101,411</u>
Capital assets, net	<u>\$ 2,246,901</u>	<u>\$ (134,108)</u>	<u>\$ -</u>	<u>\$ 2,112,793</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 6. Capital Assets (Continued)**

**Component Units (Continued)**

Capital asset activity for the Sheridan County Public Library for the year ended June 30, 2016, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Art	\$ 164,755	\$ 12,675	\$ -	\$ 177,430
Rare book collection	442,800	-	-	442,800
Land	248,231	-	-	248,231
Total capital assets not being depreciated	<u>855,786</u>	<u>12,675</u>	<u>-</u>	<u>868,461</u>
Capital assets being depreciated				
Buildings and building improvements	5,222,773	53,250	-	5,276,023
Furnishings and computer equipment	145,642	-	31,392	114,250
Equipment	15,435	-	-	15,435
Vehicles	48,375	-	-	48,375
Library collection	3,405,651	45,983	261,195	3,190,439
Total capital assets being depreciated	<u>8,837,876</u>	<u>99,233</u>	<u>292,587</u>	<u>8,644,522</u>
Less accumulated depreciation for				
Buildings and building improvements	2,653,666	159,543	-	2,813,209
Furnishings and computer equipment	103,972	9,820	31,392	82,400
Equipment	15,435	-	-	15,435
Vehicles	28,458	4,780	-	33,238
Library collection	3,121,524	6,569	261,195	2,866,898
Total accumulated depreciation	<u>5,923,055</u>	<u>180,712</u>	<u>292,587</u>	<u>5,811,180</u>
Total capital assets being depreciated, net	<u>2,914,821</u>	<u>(81,479)</u>	<u>-</u>	<u>2,833,342</u>
Capital assets, net	<u>\$ 3,770,607</u>	<u>\$ (68,804)</u>	<u>\$ -</u>	<u>\$ 3,701,803</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 6. Capital Assets (Continued)**

*Component Units (Continued)*

*Memorial Hospital of Sheridan County*

Capital asset activity for the Memorial Hospital of Sheridan County for the year ended June 30, 2016, 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	\$ 214,823	\$ -	\$ 3,692,600
Construction in progress	1,333,120	5,863,320	730,953	6,465,487
Total capital assets not being depreciated	<u>4,810,897</u>	<u>6,078,143</u>	<u>730,953</u>	<u>10,158,087</u>
Capital assets being depreciated				
Buildings and improvements	52,023,590	1,830,776	6,215	53,848,151
Equipment	42,450,373	1,942,991	759,184	43,634,180
Total capital assets being depreciated	<u>94,473,963</u>	<u>3,773,767</u>	<u>765,399</u>	<u>97,482,331</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>60,263,256</u>	<u>7,034,979</u>	<u>685,413</u>	<u>66,612,822</u>
Total capital assets, being depreciated, net	<u>34,210,707</u>	<u>(3,261,212)</u>	<u>79,986</u>	<u>30,869,509</u>
Capital assets, net	<u>\$ 39,021,604</u>	<u>\$ 2,816,931</u>	<u>\$ 810,939</u>	<u>\$ 41,027,596</u>

At June 30, 2016 construction in progress is made up of the Intensive Care Unit remodel, the Medical Arts Building construction, and several other facility upgrades. The expected cost of the ICU remodel is approximately \$7,000,000 and is expected to be completed in the fall of 2016. The project is being funded with internal funds and external contributions being made through the Foundation. The Medical Arts Building construction project is expected to cost approximately \$13,500,000 and is expected to be funded with internal funds as well as a \$10,000,000 debt issuance. This project is still in the planning phase and is expected to be completed in the summer of 2018.

At June 30, 2016 the cost of equipment recorded as a capital lease is \$160,397 and accumulated depreciation is \$96,238.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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 \$8,452,557 at June 30, 2016. The County had no outstanding debt subject to this limitation.

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2016:

	Balance June 30, 2015	New Debt Incurred	Debt Retired	Balance June 30, 2016	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
Capital lease obligations	\$ 408,823	\$ -	\$ 117,185	\$ 291,638	\$ 171,695
Note payable to a bank	1,305,907	-	144,220	1,161,687	148,419
State Revolving Fund loan	267,026	-	13,778	253,248	14,123
Incurred but not reported claims (Note 13)	329,596	-	121,991	207,605	207,605
Reclamation liability and royalty payments (Note 12)	97,000	-	19,500	77,500	-
OPEB liability (Note 15)	953,741	142,433	-	1,096,174	-
Compensated absences (Note 1)	362,823	377,669	362,824	377,668	47,802
Repayment of sales tax due to incorrect distribution	184,412	-	92,205	92,207	92,207
	<u>3,909,328</u>	<u>520,102</u>	<u>871,703</u>	<u>3,557,727</u>	<u>681,851</u>
Net pension liability	4,467,910	2,037,852	-	6,505,762	-
	<u>\$8,377,238</u>	<u>\$2,557,954</u>	<u>\$ 871,703</u>	<u>\$10,063,489</u>	<u>\$ 681,851</u>
<b>Business activities</b>					
Bonds payable	\$2,475,000	\$ -	\$ 100,000	\$ 2,375,000	\$ 125,000
Compensated absences	30,161	-	4,977	25,184	-
	<u>2,505,161</u>	<u>-</u>	<u>104,977</u>	<u>2,400,184</u>	<u>125,000</u>
Net pension liability	384,488	152,818	-	537,306	-
	<u>\$2,889,649</u>	<u>\$ 152,818</u>	<u>\$ 104,977</u>	<u>\$ 2,937,490</u>	<u>\$ 125,000</u>
<b>Component Units</b>					
Notes and capital leases	\$ 96,060	\$ -	\$ 32,127	\$ 63,933	\$ 34,034
Compensated absences	83,573	-	9,414	74,159	-
	<u>179,633</u>	<u>-</u>	<u>41,541</u>	<u>138,092</u>	<u>34,034</u>
Net pension liability	1,062,336	331,902	-	1,394,238	-
	<u>\$1,241,969</u>	<u>\$ 331,902</u>	<u>\$ 41,541</u>	<u>\$ 1,532,330</u>	<u>\$ 34,034</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, 2016

**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, 2016, the County made principal payments of \$13,778 on this loan. The debt requirement on the Drinking Water and State Revolving Fund Loan as of June 30, 2016 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	15,589	5,245	20,834
2022-2026	83,989	18,281	102,270
2027-2031	95,024	7,244	102,268
	<u>\$ 253,248</u>	<u>\$ 53,940</u>	<u>\$ 307,188</u>

***Capital Leases Payable***

Capital lease obligations collateralized by the assets noted as of June 30, 2016 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$56,338 including interest of 1.73%, through May 2018	\$ 109,891
Lease/Purchase obligation on heavy equipment, due in annual installments of \$38,649 including interest of 4.40%, through October 2016	86,207
Lease/Purchase obligation on heavy equipment, due in annual installments of \$33,451 including interest of 2.50%, through November 2018	95,540
	<u>291,638</u>
Less current maturities of capital lease obligations	117,185
	<u>\$ 174,453</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, 2016

**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, 2016 are as follows:

<u>Year ending June 30,</u>			
2016		\$	179,790
2017			89,887
2018			33,451
	Total minimum lease payments		303,128
	Less: amount representing interest		11,490
	Present value of minimum lease payments	\$	291,638

*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, 2016, are as follows:

<u>Year ending June 30,</u>	Jail Loan Principal	Jail Loan Interest	Total
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	166,052	25,128	191,180
2022-2024	376,174	12,015	388,189
	\$ 1,161,687	\$ 134,340	\$ 1,296,027

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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:

2017	\$ 92,207
	<u>\$ 92,207</u>

***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, 2016 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	\$ 2,375,000
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The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2016, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	150,000	47,360	197,360
2022-2026	950,000	164,446	1,114,446
2027-2028	700,000	38,500	738,500
	<u>\$ 2,375,000</u>	<u>\$ 463,418</u>	<u>\$ 2,838,418</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**Note 7. County Debt (Continued)**

***Component Unit***

***Long-Term Debt Memorial Hospital of Sheridan County***

The Hospital entered into a capital lease agreement for copiers in fiscal year 2013. The Hospital is making monthly payments of \$3,070 through April 2018 at a 5.78% interest rate.

The scheduled maturities for the Hospital's long-term debt as of June 30, 2016 are as follows:

<u>Year ending June 30,</u>	<u>Principal Notes and Capital Leases</u>	<u>Interest</u>	<u>Total</u>
2017	34,034	2,803	36,837
2018	29,899	798	30,697
Total minimum payments	<u>\$ 63,933</u>	<u>\$ 3,601</u>	<u>\$ 67,534</u>

**Note 8. Operating Leases**

The County leases certain copiers and vehicles under non-cancelable operating leases. For the year ended June 30, 2016, rental expense was \$71,627.

Minimum annual payments under this lease are as follows:

2017	<u>35,195</u>
	<u>\$ 35,195</u>

**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, 2016

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### **Note 9. Defined Benefit Pension Plans (Continued)**

#### ***Pension Plans***

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

#### ***Public Employees' Pension Plan***

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer 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 8.37% 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 12% 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, 2016, 2015 and 2014 were \$501,103, \$489,244, and \$402,402, while the employees' portion was \$192,925, \$200,916, and \$187,463, 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 12% of the required contribution and the employees pay 4.62%. The County's contributions to the PEPP for the years ended June 30, 2016, 2015 and 2014 were \$167,786, \$157,823, and \$143,605, while the employees' portion was \$8,825, \$9,192, and \$8,683, respectively, equal to the required contributions for each year.

#### ***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, 2016, 2015 and 2014 were \$197,045, \$241,190, and \$225,625, while the employees' portion was \$87,760, \$97,032, and \$94,941, respectively, equal to the required contributions for each year.

At June 30, 2016, the County reported a total liability of \$7,043,067 for its proportionate share of the net pension liability. The County's component units: Weed and Pest, Fair, and Library reported \$254,338, \$257,956, and \$881,944, respectively, for their proportionate share on the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2015. 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. The schedule below shows the County's proportionate share of the net pension liability at June 30, 2016, the proportionate portion at the measurement date of December 31, 2015 and the change in the proportion from its proportion measured as of December 31, 2014.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 9. Defined Benefit Pension Plans (Continued)**

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

	Pension liability at December 31, 2015	Proportion at December 31, 2015	Increase (decrease) from December 31, 2014
County			
Public Employees' Pension Plan	\$ 6,214,988	0.266812354%	0.011386802%
County - Sheriff			
Law Enforcement Pension Plan	\$ 828,080	1.102343047%	-0.068325437%
Weed and Pest			
Public Employees' Pension Plan	\$ 254,338	0.010918868%	-0.000124314%
Fair			
Public Employees' Pension Plan	\$ 257,956	0.011074179%	-0.000055187%
Library			
Public Employees' Pension Plan	\$ 881,944	0.037862286%	-0.000164696%

For the year ended June 30, 2016, the County and its component units Weed and Pest, Fair, and Library recognized pension expense of \$1,525,808, \$51,535, \$50,850, and \$180,376, respectively. At June 30, 2016, the County and its component units reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources		Total Outflows	Total (Inflows)
	PEPP	LEPP		
Net difference between projected and actual on pension plan investments	\$ 1,509,599	\$ 513,024	\$ 2,022,623	\$ -
Difference between actual and expected experience rate	(131,481)	15,062	15,062	(131,481)
Change in employer's proportion	134,266	(8,140)	134,266	(8,140)
Amortizing deferred outflows and deferred inflows	\$ 1,512,384	\$ 519,946	\$ 2,171,951	\$ (139,621)
Contributions subsequent to the measurement date	367,224	138,276	505,500	-
Total	\$ 1,879,608	\$ 658,222	\$ 2,677,451	\$ (139,621)

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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 County reported \$505,500 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date; these deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Primary government Deferred Outflows (Inflows)	
2017	\$ 587,146	\$ (47,179)
2018	587,146	(47,179)
2019	583,165	(43,280)
2020	414,490	(1,983)
	\$ 2,171,947	\$ (139,621)

The County's component units: Weed and Pest, Fair, and Library reported \$14,403, \$14,878, and \$54,885, 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, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows	Deferred (Inflows)
Weed and Pest		
Net difference between projected and actual earnings on pension plan investments	\$ 62,420	\$ -
Difference between actual and expected experience rate	-	(5,381)
Change in employer's proportion	-	(1,466)
Amortizing deferred outflows and deferred inflows	\$ 62,420	\$ (6,847)
Contributions subsequent to the measurement date	14,401	-
Total	\$ 76,821	\$ (6,847)

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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)***

Fair	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ 63,230	\$ -
Difference between actual and expected experience rate	-	(5,457)
Change in employer's proportion	-	(651)
Amortizing deferred outflows and deferred inflows	\$ 63,230	\$ (6,108)
Contributions subsequent to the measurement date	14,878	-
Total	\$ 78,108	\$ (6,108)

  

Library	Deferred Outflows	Deferred (Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ 216,153	\$ -
Difference between actual and expected experience rate	-	(18,658)
Change in employer's proportion	-	(1,942)
Amortizing deferred outflows and deferred inflows	\$ 216,153	\$ (20,600)
Contributions subsequent to the measurement date	54,885	-
Total	\$ 271,038	\$ (20,600)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended June 30,	Component Units					
	Weed and Pest		Fair		Library	
	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)
2017	\$ 16,604	\$ (2,350)	\$ 16,814	\$ (2,096)	\$ 57,477	\$ (7,070)
2018	16,604	(2,350)	16,814	(2,096)	57,477	(7,070)
2019	16,604	(2,147)	16,814	(1,916)	57,477	(6,460)
2020	12,608	-	12,788	-	43,722	-
	\$ 62,420	\$ (6,847)	\$ 63,230	\$ (6,108)	\$ 216,153	\$ (20,600)

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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)*

*Actuarial Assumptions*

The total pension liability in the December 31, 2015 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods

Valuation Date	1/1/2016
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	10 to 30
Asset valuation method	5-year
Actuarial assumptions:	
Investment net rate of return	7.75%
Projected salary increases (includes inflation)	4.25% to 8.00%
Assumed inflation rate	3.25%

The current actuarial assumptions and methods used in the January 1, 2016 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.25%
Fixed income	15.00%	0.87%
Equity	59.00%	5.13%
Marketable alternatives	15.50%	4.75%
Private markets	8.00%	5.84%
Total	100.00%	



**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**Note 9. Defined Benefit Pension Plans (Continued)**

***Discount Rate***

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

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

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

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 8,922,524	\$ 6,214,988	\$ 3,926,005
Law Enforcement Pension Plan	1,680,155	828,079	123,976
Component Units			
Weed & Pest	365,140	254,338	160,665
Fair	370,334	257,956	162,951
Library	1,266,160	881,944	557,124

***Payables to the pension plan*** – At June 30, 2016, the County did not have any payables to the pension plans.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**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, 2016, the County had the following assignments of general fund balance:

Business incubator	\$ 43,040
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	2,081,700
General fund insurance reserve	100,000
Health insurance reserve	300,000
Information and technology	250,000
Conservation reserve	49,350
Law enforcement and emergency services	850,000
Road and bridge	200,000
	<hr/>
	<u>\$ 5,724,090</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.

The Memorial Hospital of Sheridan County has restricted, nonexpendable net assets of \$939,660 as of June 30, 2016 that represent the principal amounts of the permanent endowment, restricted to investment in perpetuity. Investment earnings from the permanent endowment are expendable to support programs as established by the contributor. These earnings are restricted by donors and expendable for operations and capital acquisitions. The reporting entity had a total net position restricted, expendable for operations and capital acquisitions of \$6,872,401 as of June 30, 2016.

**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.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**Note 11. Deferred Compensation Plans (Continued)**

***Memorial Hospital of Sheridan County***

The Hospital contributes to a defined contribution money purchase pension plan covering all employees who have attained the age of 18 and have obtained 90 days of service. The Hospital also has a deferred compensation plan, covering all employees who have attained the age of 18 and have elected to participate. Pension expense is recorded for the amount of the Hospital's contributions, determined in accordance with the terms of both parties.

The defined contribution pension plan (401(a) plan) allows the Hospital to contribute between 6% and 10% of eligible wages, depending on the employees' years of service. Employees are fully vested after three years of continuous service. If any employee leaves the Hospital prior to completing the three years of service the employee forfeits the employer match portion received. The Hospital contributions to the plan during the years ended June 30, 2016 and 2015 were \$2,365,287 and \$2,130,629, respectively.

The defined contribution pension plan (457(b)) allows employees to contribute amounts up to the maximum contribution allowed by the Internal Revenue Code. For employees over 50 years of age, a participant may make additional catch-up contributions. Employee contributions to the plan during the years ended June 30, 2016 and 2015 were \$2,383,717 and \$2,053,696 respectively.

Under the nonqualified deferred compensation plan (457(f) plan), the Hospital contributes amounts according to the Hospital's discretion. The Hospital funds the contributions to the plan each year, and the funds are disbursed after three years. Hospital funding during the year ended June 30, 2016 and 2015 were \$104,037 and \$200,429.

**Note 12. Commitments and Contingencies**

As of June 30, 2016, the County and the Airport had approximately \$1,321,475 and \$96,382, 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, 2016, 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, 2016, the County's estimated liability for the reclamation of the active gravel pits is \$77,500. 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 health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously, billed and collected revenues from patient services. Management believes that the Hospital is in substantial compliance with current laws and regulations.

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**Note 12. Commitments and Contingencies (Continued)**

In the normal course of business, the Memorial Hospital of Sheridan County is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected losses, which are not covered by insurance, if any. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**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 \$149,000 and \$70,000 respectively.

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

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan with only a few exceptions. This Act provides for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the County.

The County makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and is a split rate between hazardous and non-hazardous positions. Amounts paid by the County to the State for Workers' Compensation during fiscal year 2016 and 2015 were approximately \$144,000 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 2016 and 2015 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2016	2015
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	27,871	28,368
Claims paid	(27,871)	(28,368)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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**Note 13. Risk Management (Continued)**

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 \$314,000. 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, 2016 and 2015 are as follows:

	2016	2015
Health care risk management liability, beginning of year	\$ 329,596	\$ 303,416
Claims incurred	2,040,717	2,211,720
Claims paid	(2,162,708)	(2,185,540)
Health care risk management liability, end of year	<u>\$ 207,605</u>	<u>\$ 329,596</u>

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage. There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2016.

The Memorial Hospital of Sheridan County maintains a commercial insurance policy covering the professional liability of the Hospital and its employees on a claims-made basis up to \$1,000,000 per claim and in aggregate up to \$3,000,000. There is additional umbrella coverage above this limit up to \$5,000,000. The policy provides coverage up to the policy limits for claims first made and incidents first reported to the insurer during the policy's term. Should this policy lapse and not be replaced with equivalent coverage, claims based upon a medical incident that occurred during the term would not be covered and an extended reporting endorsement (tail) would have to be purchased. The Hospital, based upon the information provided by its insurance carrier, has determined that the estimated liability for potential losses incurred, but not reported, is not material to the accompanying financial statements. Accordingly, no provisions for such losses have been made.

The Memorial Hospital of Sheridan County partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$80,000 per claim. Liabilities on the statement on net position include an accrual for claims that have been incurred but not reported. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors. The estimated liability accrued for this program at June 30, 2016 was approximately \$410,000.

For the year ended June 30, 2016, the Hospital incurred expenses of \$4,039,085 for employee health insurance.

**Note 14. Transactions with Related Parties and with Component Units**

During the fiscal year ended June 30, 2016, the County provided \$400,000, \$295,000, and \$1,162,000 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, 2016

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**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 2016, the retirees contributed premiums of \$6,289 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	40,915
Adjustment to ARC	(45,514)
Annual OPEB cost (expense)	<u>142,163</u>
Contributions made	<u>(270)</u>
Increase in net OPEB obligation	142,433
Net OPEB obligation, beginning of year	<u>953,741</u>
Net OPEB obligation, end of year	<u><u>\$ 1,096,174</u></u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**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 2016 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 161,990	28.5%	\$ 809,656
June 30, 2015	\$ 142,858	(0.9)%	\$ 953,741
June 30, 2016	\$ 142,164	(0.2)%	\$ 1,096,174

***Funded Status and Funding Progress***

As of June 30, 2016, the plan was not funded. The actuarial accrued liability for benefits was \$1,194,504 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$1,194,504. The covered payroll was \$6,298,895 and the ratio of the UAAL to the covered payroll was 19 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, 2016 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, 2016

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**Note 16. Prior Period Adjustment**

During the year ended June 30, 2016, the Memorial Hospital of Sheridan County corrected errors to its other accounts receivable, net goodwill, accrued salaries, wages, and related taxes, accrued vacation, and accrued health insurance claims. Other accounts receivable was previously overstated due to accrued interest related to prior years not being reversed. Net goodwill was previously overstated due to a severance payment being capitalized on prior years when it should have been expensed. Accrued salaries, wages and related taxes was overstated in prior years due to accruals previously recorded not being reversed. Accrued vacation was under accrued previously due to paid time off buybacks being recorded against the liability account, but the general ledger was not adjusted to the accrued vacation listing. Accrued health insurance claims were incorrectly stated due to previously recorded accruals for claims not being reversed. The net impact of these restatements was a decrease in net position as of June 30, 2015 of \$1,526,598. The following accounts are restated as a result:

	June 30, 2015 as previously reported	Correction of an error	June 30, 2015 as Restated
Other accounts receivable	\$ 236,618	\$ (214,612)	\$ 22,006
Goodwill, net	1,970,786	(625,000)	1,345,786
Accrued salaries, wages and related taxes	280,698	(77,575)	203,123
Accrued vacation	955,867	1,158,982	2,114,849
Accrued health insurance claims	1,028,641	(394,421)	634,220
Net position	72,495,690	(1,526,598)	70,969,092

**Note 17. Subsequent Events**

Subsequent to June 30, 2016, the County approved a contract for \$15,690 for a roof addition at the Sheridan County Detention Center.

**Note 18. Implementation of Government Accounting Standards Board Statements**

As of June 30, 2016, the County implemented the following standards.

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. 82, *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance.



**REQUIRED SUPPLEMENTARY INFORMATION**

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## SHERIDAN COUNTY, WYOMING

### INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2016

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

The County manages its road network with an assessment system conducted in house by the Public Works department. The network is assessed annually. The roads may be rated as being in standard or substandard condition. Standard paved roads will not need major repairs for 10 to 15 years. Substandard paved roads will need major repairs within 0 to 10 years. Standard gravel roads will not need major repairs for 4 years. Substandard gravel roads will need major repairs within 0 to 5 years due to not having the proper structural base.

Effective July 1, 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:

2016 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	320	75%	-	0%
Sub-standard	9.60	36%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>26.60</u>	<u>100%</u>	<u>440</u>	<u>100%</u>	<u>74</u>	<u>100%</u>
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	100%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>100%</u>
2014 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	100%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>100%</u>

See accompanying note to required supplementary information

**SHERIDAN COUNTY, WYOMING**

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

(Unaudited)

June 30, 2016

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:

	2016	
<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>
	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)	29	65.00%
Borderline (50 to 80 points)	5	12.50%
Deficient (less than 50 points)	9	22.50%
	<u>43</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, 2016

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)						
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
2016	3,006,794	2,536,743	470,051	136,656	68,471	68,185

See accompanying note to required supplementary information

**SHERIDAN COUNTY, WYOMING**

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT HEALTHCARE PLAN  
June 30, 2016

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, 2016

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 11,535,500	\$ 11,535,500	\$ 12,069,185	\$ 533,685
Licenses and permits	194,600	194,600	265,263	70,663
Charges for services	1,213,600	2,569,600	2,645,711	76,111
Miscellaneous	375,700	375,700	327,413	(48,287)
One cent optional tax	1,927,000	1,927,000	1,937,457	10,457
Enhanced emergency 911 tax	261,000	261,000	271,685	10,685
Grant revenue	2,003,280	2,171,115	1,562,820	(608,295)
WIC	56,050	56,050	7,382	(48,668)
Rents, royalties, interest and fines	92,150	92,150	65,665	(26,485)
Insurance proceeds	240,000	240,000	252,773	12,773
Sale of assets	2,000	2,000	40,739	38,739
Transfer from Capital Facilities Tax Fund	450,000	450,000	443,101	(6,899)
<b>Total revenues</b>	<b>18,350,880</b>	<b>19,874,715</b>	<b>19,889,194</b>	<b>14,479</b>
<b>Expenditures</b>				
County commissioners	297,951	297,951	290,610	7,341
County clerk	704,547	704,547	682,315	22,232
Elections	239,979	239,979	135,712	104,267
Administration	227,562	227,562	221,416	6,146
County treasurer	420,742	421,842	421,808	34
County assessor	566,468	566,468	558,435	8,033
County attorney	886,643	886,643	822,442	64,201
County coroner	159,126	159,126	147,087	12,039
Clerk of district court	477,848	482,748	482,672	76
Building and maintenance	361,763	361,763	337,071	24,692
Information technology	596,038	596,038	560,265	35,773
Fixed costs	2,475,400	2,469,400	2,442,961	26,439
One cent optional	1,927,000	1,927,000	2,015,049	(88,049)
<b>General government</b>	<b>9,341,067</b>	<b>9,341,067</b>	<b>9,117,843</b>	<b>223,224</b>
County sheriff	2,009,037	2,009,037	1,868,628	140,409
Detention center	2,623,542	2,623,542	2,461,078	162,464
E911	471,962	525,962	257,740	268,222
Emergency management	51,335	51,335	44,274	7,061
<b>Public safety</b>	<b>5,155,876</b>	<b>5,209,876</b>	<b>4,631,720</b>	<b>578,156</b>

(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, 2016

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Public works	\$ 861,300	\$ 861,300	\$ 812,919	\$ 48,381
Road and bridge	1,035,887	1,035,887	850,394	185,493
Public works	1,897,187	1,897,187	1,663,313	233,874
WIC	56,050	56,050	8,139	47,911
Community health	422,002	422,002	406,155	15,847
Health, welfare and recreation	478,052	478,052	414,294	63,758
County extention	132,796	132,796	127,712	5,084
Conservation of natural resources	132,796	132,796	127,712	5,084
Capital funding	700,500	2,232,500	2,168,078	64,422
Capital outlay	700,500	2,232,500	2,168,078	64,422
Grants	1,796,770	2,537,262	1,537,910	999,352
Grants	1,796,770	2,537,262	1,537,910	999,352
Total expenditures	19,502,248	21,828,740	19,660,870	2,167,870
Excess (deficiency) of revenues over expenditures	(1,151,368)	(1,954,025)	228,324	2,182,349
Other financing sources (uses)				
Transfers out	-	-	(213,630)	(213,630)
Total other financing sources (uses)	-	-	(213,630)	213,630
Net change in fund balance	(1,151,368)	(1,954,025)	14,694	\$ 1,968,719
Fund balance, beginning of year	7,180,999	7,180,999	7,180,999	
Fund balance, end of year	\$ 6,029,631	\$ 5,226,974	\$ 7,195,693	

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, 2016

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,789,139	\$ 89,139
Grants revenue transferred from General Fund	917,935	917,935	345,680	(572,255)
Transfer from Road Construction Fund	272,000	272,000	288,000	16,000
Intergovernmental	-	-	73,443	73,443
Investment income	-	-	1,819	1,819
	<u>2,889,935</u>	<u>2,889,935</u>	<u>2,498,081</u>	<u>(391,854)</u>
Expenditures				
Capital outlay	2,693,450	2,693,450	2,162,113	531,337
Transfer to General Fund	450,000		443,101	(443,101)
Total expenditures	<u>3,143,450</u>	<u>2,693,450</u>	<u>2,605,214</u>	<u>88,236</u>
Excess (deficiency) of revenues over expenditures	<u>(253,515)</u>	<u>196,485</u>	<u>(107,133)</u>	<u>(303,618)</u>
Net change in fund balance	<u>(253,515)</u>	<u>196,485</u>	<u>(107,133)</u>	<u>\$ (303,618)</u>
Fund balance, beginning of year	<u>325,565</u>	<u>325,565</u>	<u>325,565</u>	
Fund balance, end of year	<u>\$ 72,050</u>	<u>\$ 522,050</u>	<u>\$ 218,432</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)

	2016	2015	2014
<b>Public Employees' Pension Plan - County</b>			
Proportion of the net pension liability	0.266812354%	0.255425552%	*
Proportionate share of the net pension liability	\$ 6,214,988	\$ 4,507,475	*
Covered-employee payroll	4,653,405	4,366,276	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	*
<b>Law Enforcement Pension Plan - County</b>			
Proportion of the net pension liability	1.102343047%	1.170668484%	*
Proportionate share of the net pension liability	\$ 828,080	\$ 344,923	*
Covered-employee payroll	\$ 1,657,921	1,730,141	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.95%	19.94%	*
Plan fiduciary net position as a percentage of the total pension liability	87.49%	94.76%	*
<b>Public Employees Pension Plan - Component Units</b>			
<b>Weed and Pest</b>			
Proportion of the net pension liability	0.010918868%	0.011043182%	*
Proportionate share of the net pension liability	\$ 254,338	\$ 194,878	*
Covered-employee payroll	\$ 190,433	188,774	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	*
<b>Fair</b>			
Proportion of the net pension liability	0.011074179%	0.011129366%	*
Proportionate share of the net pension liability	\$ 257,956	\$ 196,399	*
Covered-employee payroll	\$ 193,142	190,247	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	*
<b>Library</b>			
Proportion of the net pension liability	0.037862286%	0.038026982%	*
Proportionate share of the net pension liability	\$ 881,944	\$ 671,059	*
Covered-employee payroll	\$ 660,346	650,038	*
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	*

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

\*\* The amounts presented for each fiscal year were determined as the calendar year-end that occurred within the fiscal year.

See accompanying note to required supplementary information



**SHERIDAN COUNTY**

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years  
(Unaudited)

	2016	2015	2014
<b>Public Employees' Pension Plan - County</b>			
Contractually required contribution	\$ 694,028	\$ 690,160	*
Contributions in relations to the contractually required contributions	(694,028)	(690,160)	*
Contribution deficiency (excess)	\$ -	\$ -	*
Covered-employee payroll	\$ 4,175,860	\$ 4,348,834	*
Contributions as a percentage of covered-employee payroll	16.62%	15.87%	*
<b>Law Enforcement Pension Plan - County</b>			
Contractually required contribution	\$ 284,805	\$ 338,222	*
Contributions in relations to the contractually required contributions	(284,805)	(338,222)	*
Contribution deficiency (excess)	\$ -	\$ -	*
Covered-employee payroll	\$ 1,657,771	\$ 1,730,036	*
Contributions as a percentage of covered-employee payroll	17.18%	19.55%	*
<b>Public Employees Pension Plan - Component Units</b>			
<b>Weed and Pest</b>			
Contractually required contribution	\$ 31,668	\$ 29,273	*
Contributions in relations to the contractually required contributions	(31,668)	(29,273)	*
Contribution deficiency (excess)	\$ -	\$ -	*
Covered-employee payroll	\$ 190,542	\$ 184,455	*
Contributions as a percentage of covered-employee payroll	16.62%	15.87%	*
<b>Fair</b>			
Contractually required contribution	\$ 32,118	\$ 29,501	*
Contributions in relations to the contractually required contributions	(32,118)	(29,501)	*
Contribution deficiency (excess)	\$ -	\$ -	*
Covered-employee payroll	\$ 193,249	\$ 185,892	*
Contributions as a percentage of covered-employee payroll	16.62%	15.87%	*
<b>Library</b>			
Contractually required contribution	\$ 109,810	\$ 100,800	*
Contributions in relations to the contractually required contributions	(109,810)	(100,800)	*
Contribution deficiency (excess)	\$ -	\$ -	*
Covered-employee payroll	\$ 660,710	\$ 635,161	*
Contributions as a percentage of covered-employee payroll	16.62%	15.87%	*

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

See accompanying note to required supplementary information



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**SHERIDAN COUNTY, WYOMING**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

**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
<b>Revenues</b>				
Taxes	\$ 6,644,397	\$ 56,585	\$ 5,368,203	\$ 12,069,185
Licenses and permits	264,223	509	531	265,263
Intergovernmental	9,607,151	6,735	(9,613,886)	-
Charges for services	1,098,894	1,374,064	172,753	2,645,711
Investment income	68,538	(10,601)	(57,937)	-
Miscellaneous	33,142	8,944	285,327	327,413
One cent optional tax	-	-	1,937,457	1,937,457
Enhanced emergency 911 tax	-	-	271,685	271,685
Grant revenue	-	-	1,562,820	1,562,820
WIC	-	-	7,382	7,382
Rents, royalties, interest and fines	-	-	65,665	65,665
Insurance proceeds	-	-	252,773	252,773
Sale of assets	-	-	40,739	40,739
Transfer from Capital Facilities Tax Fund	-	-	443,101	443,101
	<u>\$ 17,716,345</u>	<u>\$ 1,436,236</u>	<u>\$ 736,613</u>	<u>\$ 19,889,194</u>
<b>Expenditures</b>				
General government	\$ 8,594,942	\$ 421,218	\$ 101,683	\$ 9,117,843
Public safety	5,098,461	(12,025)	(454,716)	4,631,720
Public works	1,395,038	268,275	-	1,663,313
Health, welfare and recreation	702,368	1,433,502	(1,721,576)	414,294
Conservation of natural resources	223,143	(2,063)	(93,368)	127,712
Debt service - principal	335,160	(335,160)	-	-
Debt service - interest	57,584	(57,584)	-	-
Capital outlay	910,366	281,965	975,747	2,168,078
Grants	-	-	1,537,910	1,537,910
	<u>\$ 17,317,062</u>	<u>\$ 1,998,128</u>	<u>\$ 345,680</u>	<u>\$ 19,660,870</u>

**SHERIDAN COUNTY, WYOMING**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

**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
<b>Revenues</b>				
Taxes	\$ 1,772,223	\$ 16,915	\$ 1	\$ 1,789,139
Grants revenue transferred from General Fund	-	-	345,680	345,680
Intergovernmental revenues	136,850	(63,407)	-	73,443
Investment income	1,819	-	-	1,819
Transfer from Road Construction Fund	-	-	288,000	288,000
	<u>\$ 1,910,892</u>	<u>\$ (46,492)</u>	<u>\$ 633,681</u>	<u>\$ 2,498,081</u>
<b>Expenditures</b>				
Debt service - principal	\$ 32,228	\$ (32,228)	\$ -	\$ -
Capital outlay	2,249,230	(87,117)	-	2,162,113
Transfer to General Fund	-	-	443,101	443,101
	<u>\$ 2,281,458</u>	<u>\$ (119,345)</u>	<u>\$ 443,101</u>	<u>\$ 2,605,214</u>

***Budgetary Information***

The schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund presents a comparison of the legally adopted budget with actual data. The County prepares its budget on a cash basis, and the revenues and expenditures presented in the aforementioned statement are on the modified accrual basis. Any differences in revenues and expenditures as a result of the difference in accounting basis are considered immaterial. Appropriations lapse at fiscal year-end. All budget amendments are approved by the County Commissioners and are presented within the final budget figures.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

Wyoming State Statutes require the preparation of the annual budget which provides documentation that all sources and uses of County resources are properly planned, budgeted and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which County monies may be expended.

The budget is adopted according to the following schedule:

1. On or before May 15, the Budget Officer shall prepare a tentative budget for each fund and file the budget with the governing body.
2. A summary of the tentative budget shall be entered into the minutes and the governing body shall publish the summary at least one week before the public hearing to adopt the budget.
3. The public hearing is held on or before the third Monday in July.
4. On the day of or the day following the public hearing, the County Commissioners, by resolution, make the necessary appropriations and adopt the budget, which subject to future amendment, shall be in effect for the next fiscal year.



**SHERIDAN COUNTY, WYOMING**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2016

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**Note 2. Budget Deficit**

The road construction fund over expended its 2016 budget in capital outlay by \$7,664.

**Note 3. Explanation of Changes to Pension Plan**

*Changes to assumptions* – There have been no changes of assumptions in the Public Employees’ Pension Plan since the prior valuation.

*Changes in benefits* – There has been no changes in benefit provisions in the Public Employees’ Pension Plan since the prior valuation.

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**OTHER SUPPLEMENTARY INFORMATION**

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**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	\$ 617,501	\$ 67,501
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>617,501</u>	<u>67,501</u>
Expenditures:				
Capital outlay	16,000	16,000	7,664	8,336
Transfer to Capital Facilities Tax Fund	272,000	272,000	288,000	(16,000)
Total expenditures	<u>288,000</u>	<u>288,000</u>	<u>295,664</u>	<u>(7,664)</u>
Excess of revenues over expenditures	<u>262,000</u>	<u>262,000</u>	<u>321,837</u>	<u>59,837</u>
Net change in fund balance	262,000	262,000	321,837	<u>\$ 59,837</u>
Fund balance, beginning of year	<u>1,046,135</u>	<u>1,046,135</u>	<u>1,046,135</u>	
Fund balance, ending of year	<u>\$ 1,308,135</u>	<u>\$ 1,308,135</u>	<u>\$ 1,367,972</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, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax	\$ 1,036,624	\$ 1,036,624	\$ 1,011,069	\$ (25,555)
Grants	69,850	69,850	66,850	(3,000)
Charges for services	86,000	86,000	181,245	95,245
Investment income	-	-	3,686	3,686
Miscellaneous	52,600	52,600	59,660	7,060
Total revenues	<u>1,245,074</u>	<u>1,245,074</u>	<u>1,322,510</u>	<u>77,436</u>
Expenditures				
Conservation of natural resources	1,432,719	1,432,719	1,328,070	104,649
Capital outlay	87,000	87,000	25,330	61,670
Total expenditures	<u>1,519,719</u>	<u>1,519,719</u>	<u>1,353,400</u>	<u>166,319</u>
Excess (deficiency) of revenues over (under) expenditures	(274,645)	(274,645)	(30,890)	<u>\$ 243,755</u>
Fund balance, beginning of year	<u>1,126,691</u>	<u>1,126,691</u>	<u>1,126,691</u>	
Fund balance, end of year	<u>\$ 852,046</u>	<u>\$ 852,046</u>	<u>\$ 1,095,801</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, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Charges for services	66,100	66,100	68,314	2,214
Community support	7,200	7,200	4,629	(2,571)
Investment income	25	25	31	6
Other revenue	8,000	8,000	8,429	429
Total revenues	<u>481,325</u>	<u>481,325</u>	<u>481,403</u>	<u>78</u>
Expenditures				
Health, welfare and recreation	475,345	475,345	458,728	16,617
Total expenditures	<u>475,345</u>	<u>475,345</u>	<u>458,728</u>	<u>16,617</u>
Deficiency of revenues over expenses	5,980	5,980	22,675	<u>\$ 16,695</u>
Fund balance, beginning of year	<u>398,084</u>	<u>398,084</u>	<u>398,084</u>	
Fund balance, end of year	<u>\$ 404,064</u>	<u>\$ 404,064</u>	<u>\$ 420,759</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, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Allocation from the County	\$ 1,162,000	\$ 1,162,000	\$ 1,162,000	\$ -
Grants	2,000	2,000	-	(2,000)
Charges for services	32,700	32,700	33,928	1,228
Fulmer Trust	62,429	62,429	62,430	1
Sheridan County Library Foundation	101,500	101,500	98,717	(2,783)
Intergovernmental contribution to endowment	-	-	58,000	58,000
Friends of the Library	30,000	30,000	30,000	-
Investment income	205	205	427	222
<b>Total revenues</b>	<b>1,390,834</b>	<b>1,390,834</b>	<b>1,445,502</b>	<b>54,668</b>
<b>Expenditures</b>				
Health, welfare and recreation	1,491,550	1,491,550	1,491,461	89
<b>Total expenditures</b>	<b>1,491,550</b>	<b>1,491,550</b>	<b>1,491,461</b>	<b>89</b>
 Excess (deficiency) of revenues over (under) expenditures	 (100,716)	 (100,716)	 (45,959)	 <u>\$ 54,757</u>
 Fund balance, beginning of year	 119,245	 119,245	 119,245	
 Fund balance, end of year	 <u>\$ 18,529</u>	 <u>\$ 18,529</u>	 <u>\$ 73,286</u>	



**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF NET POSITION  
 SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION  
 June 30, 2016

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 73,286	\$ 250,491	\$ 323,777
Investments	-	1,537,339	1,537,339
Investments, restricted by donors		1,232,727	1,232,727
Capital assets not being depreciated	868,461	-	868,461
Capital assets being depreciated, net of accumulated depreciation	2,833,342	-	2,833,342
Total assets	<u>3,775,089</u>	<u>3,020,557</u>	<u>6,795,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items	271,038	-	271,038
Total deferred inflows of resources	<u>271,038</u>	<u>-</u>	<u>271,038</u>
<b>LIABILITIES</b>			
Noncurrent liabilities			
Due in more than one year	44,710	-	44,710
Net pension liability	881,944	-	881,944
Total current liabilities	<u>926,654</u>	<u>-</u>	<u>926,654</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Items	20,600	-	20,600
Total deferred inflows of resources	<u>20,600</u>	<u>-</u>	<u>20,600</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,701,803	-	3,701,803
Permanently restricted by donors	-	1,407,727	1,407,727
Unrestricted (deficiency)	(602,930)	1,612,830	1,009,900
Total net position	<u>\$ 3,098,873</u>	<u>\$ 3,020,557</u>	<u>\$ 6,119,430</u>

## SHERIDAN COUNTY, WYOMING

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION Year Ended June 30, 2016

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
<b>Revenues</b>			
Intergovernmental revenues	\$ 1,167,521	\$ -	\$ 1,167,521
Charges for services	37,124	9,600	46,724
Investment income	427	39,528	39,955
Contributions	105,105	284,817	389,922
Miscellaneous	-	-	-
Total revenues	<u>1,310,177</u>	<u>333,945</u>	<u>1,644,122</u>
<b>Expenses</b>			
Current			
Health, welfare and recreation	1,450,378	180,428	1,630,806
Capital outlay	180,713	-	180,713
Total expenditures	<u>1,631,091</u>	<u>180,428</u>	<u>1,811,519</u>
Excess (deficiency) of revenues over expenditures	<u>(320,914)</u>	<u>153,517</u>	<u>(167,397)</u>
<b>Other financing sources (uses)</b>			
Transfers out	(58,000)	(143,250)	(201,250)
Transfers in	143,250	58,000	201,250
Contributions to an endowment	58,000	20,841	78,841
	<u>143,250</u>	<u>(64,409)</u>	<u>78,841</u>
Net change in fund balance	(177,664)	89,108	(88,556)
Net position, beginning of year	<u>3,276,537</u>	<u>2,931,449</u>	<u>6,207,986</u>
Net position, end of year	<u>\$ 3,098,873</u>	<u>\$ 3,020,557</u>	<u>\$ 6,119,430</u>

**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF NET POSITION  
MEMORIAL HOSPITAL OF SHERIDAN COUNTY AND FOUNDATION  
June 30, 2016

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,546,315	\$ 306,165	\$ -	\$ 6,852,480
Investments	-	3,830,645	-	3,830,645
Patient receivable, net	14,010,304	-	-	14,010,304
Other accounts receivables	102,440	313,202	-	415,642
Prepaid items and other current assets	563,917	-	-	563,917
Inventory	2,170,981	-	-	2,170,981
Internally designated investments	18,196,517	-	-	18,196,517
Restricted investments	694,099	5,575,877	-	6,269,976
Capital assets being depreciated, net of accumulated depreciation	41,027,596	-	-	41,027,596
Other assets, long-term	999,902	1,246,769	-	2,246,671
Total assets	<u>84,312,071</u>	<u>11,272,658</u>	<u>-</u>	<u>95,584,729</u>
<b>LIABILITIES AND DEFERRED</b>				
<b>INFLOWS OF RESOURCES</b>				
Accounts payable and accrued liabilities	2,890,764	-	-	2,890,764
Accrued payroll and related expenses	4,985,661	-	-	4,985,661
Due to third-party payors	251,000	-	-	251,000
Noncurrent liabilities				
Due within one year	34,034	-	-	34,034
Due in more than one year	29,899	-	-	29,899
Total current liabilities	<u>8,191,358</u>	<u>-</u>	<u>-</u>	<u>8,191,358</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	40,963,663	-	-	40,963,663
Restricted expendable for operations and capital acquisitions	694,099	6,178,302	-	6,872,401
Restricted nonexpendable permanent endowments	-	939,660	-	939,660
Unrestricted	34,462,951	4,154,696	-	38,617,647
Total net position	<u>\$76,120,713</u>	<u>\$11,272,658</u>	<u>\$ -</u>	<u>\$87,393,371</u>

**SHERIDAN COUNTY, WYOMING**

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

Year Ended June 30, 2016

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
<b>Revenues</b>				
Intergovernmental revenues	\$ 175,000	\$ -	\$ -	\$ 175,000
Charges for services	91,606,690	1,081,054	-	92,687,744
Investment income	67,560	18,621	-	86,181
Total revenues	<u>91,849,250</u>	<u>1,099,675</u>	<u>-</u>	<u>92,948,925</u>
<b>Expenses</b>				
Current				
Health and welfare	90,758,543	3,773,628	(3,412,805)	91,119,366
Total expenditures	<u>90,758,543</u>	<u>3,773,628</u>	<u>(3,412,805)</u>	<u>91,119,366</u>
Excess (deficiency) of revenues over expenditures	<u>1,090,707</u>	<u>(2,673,953)</u>	<u>3,412,805</u>	<u>1,829,559</u>
<b>Other financing sources (uses)</b>				
Non-operating gains	498,731	-	-	498,731
Contributions	435,672	-	(286,294)	149,378
	<u>934,403</u>	<u>-</u>	<u>(286,294)</u>	<u>648,109</u>
Capital grants and contributions	<u>3,126,511</u>	<u>-</u>	<u>(3,126,511)</u>	<u>-</u>
Net change in net position	5,151,621	(2,673,953)	-	2,477,668
Net position, beginning of year	72,495,690	13,946,611	-	86,442,301
Prior period adjustments	<u>(1,526,598)</u>	<u>-</u>	<u>-</u>	<u>(1,526,598)</u>
Net position, beginning of year, as restated	<u>70,969,092</u>	<u>13,946,611</u>	<u>-</u>	<u>84,915,703</u>
Net position, end of year	<u>\$76,120,713</u>	<u>\$11,272,658</u>	<u>\$ -</u>	<u>\$87,393,371</u>

**SINGLE AUDIT**

**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

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**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Wyoming State Forestry Division				
Cooperative Forestry Assistance	10.664	11-DG-10020000-027	\$ -	\$ 14,108
Cooperative Forestry Assistance	10.664	13-DG-11020000-048	-	61,694
Cooperative Forestry Assistance	10.664	12-DG-11020000-031	-	17,567
Total U.S. Department of Agriculture				<u>93,369</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	-	<u>25,092</u>	<u>25,092</u>
Total U.S Department of Justice			<u>25,092</u>	<u>25,092</u>
<u>U.S. Department of Transportation</u>				
Passed through Wyoming Department of Transportation				
Airport Improvement Program	20.106	AIP-3-56-0027-0045	-	27,311
Airport Improvement Program	20.106	AIP-3-56-0027-0047	-	1,009,696
Airport Improvement Program	20.106	AIP-3-56-0027-0049	-	59,414
				<u>1,096,421</u>
Passed through Wyoming Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	CN03042	-	69,033
Highway Planning and Construction	20.205	CM15007	-	285,278
Total <i>Highway Planning and Construction Cluster</i>				<u>354,311</u>
Passed through Wyoming Department of Transportation				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	-	-	9,581
Total <i>Highway Safety Cluster</i>				<u>9,581</u>
Payments for Small Community Air Service				
Development	20.930	-	-	411,123
Total U.S. Department of Transportation			<u>-</u>	<u>1,871,436</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, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	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	-	\$ -	\$ 24,276
				<u>24,276</u>
<i>TANF Cluster</i>				
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	-	33,883	33,883
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558	-	-	55,632
Total <i>TANF Cluster</i>				<u>89,515</u>
Passed through Wyoming Department of Health Community Services Block Grant	93.569	-	168,168	168,168
				<u>168,168</u>
Total U.S. Department of Health and Human Services			<u>202,051</u>	<u>281,959</u>
<u>Office of Homeland Security</u>				
Passed through Wyoming Office of Homeland Security Homeland Security Grant Program	97.067	HS 14-GPD-SHE-LC-HLC14	-	2,660
Homeland Security Grant Program	97.067	HS-14-GPD-SHE-SC-HSG14	-	52,993
Homeland Security Grant Program	97.067	HS 14-GPD-SHE-LS-HLE14	-	274
Homeland Security Grant Program	97.067	HS-15-GPD-SHE-SC-HSG15	-	49,342
Homeland Security Grant Program	97.067	HS 15-GPD-SHE-LS-HLE15	-	26,985
Total Homeland Security Grant Program				<u>132,254</u>
Total Office of Homeland Security			-	<u>132,254</u>
			\$ 227,143	\$ 2,404,110

See notes to the schedule of expenditures of federal awards



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the federal award activity of Sheridan County, Wyoming under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sheridan County, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sheridan County, Wyoming.

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Indirect Cost Rate**

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

**Note 4. Airport Improvement Grant Revenue**

During the fiscal year ended June 30, 2016, the Sheridan County Airport received the following revenues from Airport Improvement Grants passed through the Wyoming Transportation Department:

AIP-3-56-0027-0044	\$ 2,157
AIP-3-56-0027-0045	28,115
AIP-3-56-0027-0047	1,035,103
	<hr/>
	\$ 1,065,375
	<hr/> <hr/>

**Note 5. 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, 2016, the County recognized \$1,048,365 of PILT entitlement as income.

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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, 2016, 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 22, 2016

***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 22, 2016



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 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

### ***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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming  
December 22, 2016



**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

June 30, 2016

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

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*Internal Control Matters*

*None reported.*

*Compliance Findings*

*None reported*

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**PART III      FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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*None reported.*



**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2016

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*There were no audit findings for the year ended June 30, 2015.*

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