

SHERIDAN COUNTY, WYOMING



Financial and Compliance Report

Year Ended June 30, 2013



SHERIDAN COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2013

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sheridan County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital of Sheridan County, a discretely presented component unit, which represents 78 percent, 75 percent and 90 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of Sheridan County. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We have applied certain limited procedures to management's discussion and analysis and infrastructure assets reported using the modified approach in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information and Schedule of Expenditures of Federal Awards

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2013, 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 16, 2013

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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, 2013. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia & Howard, Certified Public Accountants. The Independent Auditor's Report, financial statements and accompanying notes and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

Sheridan County's total assets exceeded liabilities and deferred inflows of resources as of June 30, 2013 by \$75,872,398 (net position). Of this amount \$11,148,998 (unrestricted net position) may be used to meet ongoing obligations, and \$62,946,339 is invested in capital assets, net of related debt.

As of June 30, 2013, the County's governmental funds reported combined fund balances of \$11,203,166. Unassigned fund balance of the combined fund balance was \$1,529,338.

The fund balance for the general fund was \$10,084,191 as of June 30, 2013, with an unassigned fund balance of \$1,529,338.

Overview of the Financial Statements

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

Government - Wide Financial Statements

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

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

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

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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

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

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

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

Fund Financial Statements

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

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

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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

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

The County uses a proprietary-type enterprise fund to account for its Airport. A proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the County Airport.

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

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

The fiduciary fund statement is presented on page 27.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government - wide and fund statements. The notes are presented on pages 32 through 64.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedules and infrastructure assets reported using the modified approach. The County adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 66 through 74.

In addition to the required elements, we have included combining statements that provide details about our non - major governmental funds and fiduciary funds presented as single columns in the basic financial statements. Additionally, we have included fund financial statements and information about budgetary compliance for the discretely presented financial component units which do not issue separate financial statements. This information is presented as other supplementary information immediately following the required supplementary information. Other supplementary information is presented on pages 76 through 83 and governmental audit and compliance information is presented on pages 85 through 96.

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 \$75,872,398. By far the largest portion of the County's net position (83%) 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 \$5,546,316 in outstanding debt related to its capital assets. The unrestricted net position of \$11,148,998 (15%) may be used to meet the County's ongoing obligations.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

The County's net position for the governmental activities as of June 30, 2013 were as follows:

	<u>2013</u>	<u>Variance</u>	<u>2012</u>
ASSETS			
Current assets	\$ 12,991,314	\$ (2,035,869)	\$ 15,027,183
Capital assets, net of accumulated depreciation	48,019,124	2,675,751	45,343,373
Total assets	<u>61,010,438</u>	<u>639,882</u>	<u>60,370,556</u>
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Current liabilities	1,384,779	1,288,331	2,673,110
Due in more than one year	3,500,000	(125,249)	3,374,751
Deferred taxes	570,021	(570,021)	-
Total liabilities & deferred inflows of resources	<u>5,454,800</u>	<u>593,061</u>	<u>6,047,861</u>
NET POSITION			
Invested in capital assets, net of related debt	45,752,808	2,731,566	43,021,242
Restricted	853,041	(1,046,127)	1,899,168
Unrestricted	8,949,789	(452,496)	9,402,285
Total net position	<u>\$ 55,555,638</u>	<u>\$ 1,232,943</u>	<u>\$ 54,322,695</u>

The County's net position for the business-type activities as of June 30, 2013 were as follows:

	<u>2013</u>	<u>Variance</u>	<u>2012</u>
ASSETS			
Current assets	\$ 3,343,871	\$ 2,400,118	\$ 943,753
Capital assets, net of accumulated depreciation	20,473,531	1,616,359	18,857,172
Total assets	<u>23,817,402</u>	<u>4,016,477</u>	<u>19,800,925</u>
LIABILITIES			
Current liabilities	923,031	(635,590)	287,441
Due in more than one year	2,577,611	(1,905,330)	672,281
Total liabilities	<u>3,500,642</u>	<u>(2,540,920)</u>	<u>959,722</u>
NET POSITION			
Invested in capital assets, net of related debt	17,193,531	(963,641)	18,157,172
Restricted	924,020	803,509	120,511
Unrestricted	2,199,209	1,635,689	563,520
Total net position	<u>\$ 20,316,760</u>	<u>\$ 1,475,557</u>	<u>\$ 18,841,203</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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

Revenues	2013	Percentage	2012	Percentage	Variance
General					
Taxes	\$14,524,077	73.72%	\$15,551,441	70.94%	\$ (1,027,364)
Payments in lieu of taxes	927,267	4.71%	932,624	4.25%	(5,357)
Investment income	43,152	0.22%	64,605	0.29%	(21,453)
Miscellaneous revenue	133,146	0.67%	288,267	1.31%	(155,121)
Other grants and contributions	972,596	4.94%	641,671	2.93%	330,925
Program Revenues					
Charges for services	1,393,581	7.07%	1,486,780	6.78%	(93,199)
Operating grants and contributions	761,035	3.86%	1,344,672	6.13%	(583,637)
Capital grants contributions	947,103	4.81%	1,612,407	7.35%	(665,304)
Total revenues	19,701,957	100.00%	21,922,467	100.00%	(2,220,510)
Expenses					
General government	8,606,549	47.77%	9,528,083	44.73%	(921,534)
Public safety	5,262,543	29.21%	5,315,089	24.96%	(52,546)
Public works	2,853,758	15.84%	4,695,130	22.04%	(1,841,372)
Health, welfare, and recreation	844,354	4.69%	800,833	3.75%	43,521
Conservation of natural resources	285,686	1.59%	305,867	1.44%	(20,181)
Capital outlay	64,492	0.35%	553,891	2.60%	(489,399)
Interest on long-term debt	98,552	0.55%	102,144	0.48%	(3,592)
Total expenses	18,015,934	100.00%	21,301,037	100.00%	(3,285,103)
Excess of revenue over expenses before transfers					
	1,686,023		621,430		1,064,593
Transfers (out)	(453,080)		(480,400)		27,320
Changes in net position	1,232,943		141,030		1,091,913
Net position, beginning of year	54,322,695		53,974,002		348,693
Prior period adjustment	-		207,663		(207,663)
Net position, end of year	\$55,555,638		\$54,322,695		\$ 1,232,943

The main elements of the change in net position relate to a decrease in grant revenue and an decrease in public works expense.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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

	2013	Percentage	2012	Percentage	Variance
Revenues					
General					
Taxes	\$ 86,842	2.43%	\$ 70,118	1.45%	\$ 16,724
Loss on disposition of capital assets	-	0.00%	-	0.00%	-
Investment income	3,452	0.10%	2,098	0.04%	1,354
Program Revenues					
Charges for services	533,892	14.91%	600,940	12.33%	(67,048)
Operating grants and contributions	15,961	0.45%	82,582	1.70%	(66,621)
Capital grants and contributions	2,940,853	82.12%	4,120,012	84.50%	(1,179,159)
Total revenues	<u>3,581,000</u>	<u>100.00%</u>	<u>4,875,750</u>	<u>100.00%</u>	<u>(1,294,750)</u>
Expenses					
County Airport	2,539,134	100.00%	2,469,074	100.00%	70,060
Total expenses	<u>2,539,134</u>	<u>100.00%</u>	<u>2,469,074</u>	<u>100.00%</u>	<u>70,060</u>
Excess (deficiency) of revenue over expenses before transfers	1,041,866		2,406,676		(1,364,810)
Transfer in	<u>453,080</u>		<u>480,400</u>		<u>(27,320)</u>
Changes in net position	1,494,946		2,887,076		(1,392,130)
Net position, beginning of year	18,841,203		15,954,127		2,887,076
Prior period adjustment	(19,389)		-		(19,389)
Net position, beginning of year as restated	<u>18,821,814</u>		<u>15,954,127</u>		<u>2,867,687</u>
Net position, end of year	<u><u>\$20,316,760</u></u>		<u><u>\$18,841,203</u></u>		<u><u>\$ 1,494,946</u></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, 2013, the County's governmental funds reported combined fund balances of \$11,203,166.

The General Fund is the main operating fund of the County. As of June 30, 2013, the total fund balance was \$10,084,191, while the unassigned General Fund balance was \$1,529,388

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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, 2013, the Capital Facilities Tax Fund shows a fund balance of \$537,549.

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, 2013, the County's Road Construction Fund shows a fund balance of \$581,426.

Revenues for governmental funds were approximately \$19.8 million for the fiscal year ended June 30, 2013. The following schedule presents revenues by source.

Revenues	2013	Percentage	2012	Percentage	Variance
Taxes	\$14,479,366	73.07%	\$15,531,567	71.64%	\$ (1,052,201)
Licenses and permits	202,954	1.02%	252,007	1.16%	(49,053)
Intergovernmental revenues	4,179,373	21.09%	4,782,538	22.06%	(603,165)
Charges for services	801,020	4.04%	818,535	3.78%	(17,515)
Investment income	43,152	0.22%	64,606	0.30%	(21,454)
Miscellaneous revenues	108,856	0.55%	230,223	1.06%	(121,367)
Total revenues	\$19,814,721	100.00%	\$21,679,476	100.00%	\$ (1,864,755)

Expenditures for governmental funds were approximately \$21.1 million for fiscal year 2013.

The following schedule presents expenditures by activities.

	2013	Percentage	2012	Percentage	Variance
Current					
General government	\$ 8,068,561	38.16%	\$ 8,194,673	37.29%	\$ (126,112)
Public safety	4,665,369	22.06%	4,866,704	22.15%	(201,335)
Public works	1,943,796	9.19%	2,184,362	9.94%	(240,566)
Health, welfare and recreation	1,158,434	5.48%	827,695	3.77%	330,739
Conservation of natural resources	143,759	0.68%	140,789	0.64%	2,970
Debt Service					
Principal	332,913	1.57%	223,178	1.02%	109,735
Interest	98,552	0.47%	102,144	0.46%	(3,592)
Capital outlay	4,702,756	22.24%	5,433,846	24.74%	(731,090)
Total expenditures	\$21,146,368	100.00%	\$21,973,391	100.00%	\$ (859,251)

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, 2013

Capital Assets and Debt Administration

The County's capital assets for its governmental activities as of June 30, 2013 was approximately \$48 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 6 percent.

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	24,528,305	2,420,434	-	26,948,739
Construction in progress	1,073,502	576,113	633,248	1,016,367
Total capital assets not being depreciated	<u>26,565,124</u>	<u>2,996,547</u>	<u>633,248</u>	<u>28,928,423</u>
Capital assets being depreciated				
Land improvements	595,690	48,143	-	643,833
Buildings and building improvements	23,665,233	1,297,155	46,290	24,916,098
Equipment	5,167,832	572,160	470,566	5,269,426
Furnishings, computer equipment and software	2,889,382	54,805	-	2,944,187
Vehicles	1,176,437	100,604	138,218	1,138,823
Total capital assets being depreciated	<u>33,494,574</u>	<u>2,072,867</u>	<u>655,074</u>	<u>34,912,367</u>
Less accumulated depreciation for				
Land improvements	275,471	59,022	-	334,493
Buildings and building improvements	7,390,185	767,164	15,044	8,142,305
Equipment	3,761,623	580,915	420,474	3,922,064
Furnishings, computer equipment and software	2,373,020	134,880	-	2,507,900
Vehicles	916,026	118,175	119,297	914,904
Total accumulated depreciation	<u>14,716,325</u>	<u>1,660,156</u>	<u>554,815</u>	<u>15,821,666</u>
Total capital assets, being depreciated, net	<u>18,778,249</u>	<u>412,711</u>	<u>100,259</u>	<u>19,090,701</u>
Governmental activities, capital assets, net	<u>\$ 45,343,373</u>	<u>\$ 3,409,258</u>	<u>\$ 733,507</u>	<u>\$ 48,019,124</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
JUNE 30, 2013

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:

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

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

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

- Historic Courthouse renovations
- District Court hearing room addition
- Sheridan Health Center addition (Free Clinic)
- Sheriff Office evidence building renovations.
- Construction in progress as of the end of the current fiscal year was \$1,182,950 at the Sheridan County Airport. This amount included approximately \$886,701 in costs related to the County road and bridges, \$129,278 in facility renovations, and \$166,971 in airport related projects.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

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

Capital asset activity for the business activities of Sheridan County for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ -	\$ -	\$ 1,079,529
Construction in progress	966,039	3,177,139	3,976,207	166,971
Total capital assets not being depreciated	<u>2,045,568</u>	<u>3,177,139</u>	<u>3,976,207</u>	<u>1,246,500</u>
Capital assets being depreciated				
Buildings, building improvements and runways	36,408,167	4,020,101	-	40,428,268
Equipment	1,823,429	17,252	-	1,840,681
Total capital assets being depreciated	<u>38,231,596</u>	<u>4,037,353</u>	<u>-</u>	<u>42,268,949</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	20,365,615	1,484,355	-	21,849,970
Furnishings and computer equipment	1,054,377	137,571	-	1,191,948
Total accumulated depreciation	<u>21,419,992</u>	<u>1,621,926</u>	<u>-</u>	<u>23,041,918</u>
Total capital assets, being depreciated, net	<u>16,811,604</u>	<u>2,415,427</u>	<u>-</u>	<u>19,227,031</u>
Capital assets, net	<u>\$ 18,857,172</u>	<u>\$ 5,592,566</u>	<u>\$ 3,976,207</u>	<u>\$ 20,473,531</u>

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

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 \$1,535,411 from Lease Revenue Bonds and \$3,280,000 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 \$293,582 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, 2013 was \$368,822. Capital leases of \$437,323 were outstanding as of June 30, 2013 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.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

JUNE 30, 2013

Conclusion

The above discussion and analysis is presented to provide additional information regarding the activities of the County and also to meet the disclosure requirements of GASB Statement No. 34. We believe that all requirements of GASB Statement No. 34 have been met as it applies to the County. This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. If you have questions about the report or need additional financial information, contact Sheridan County's Administrative Director at 224 South Main Street, Sheridan, Wyoming 82801-4855.

BASIC FINANCIAL STATEMENTS

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Cash and cash equivalents	\$ 10,295,099	\$ 1,869,014	\$ 12,164,113	\$ 6,926,146
Investments	204,820	501,388	706,208	11,577,840
Restricted investments, current	-	666,095	666,095	-
Current portion of assets limited as to use	-	-	-	502,343
Taxes receivable	209,438	-	209,438	35,189
Accounts receivable	123,986	12,492	136,478	7,724,904
Other receivables	-	-	-	2,154,593
Due from other governments	1,459,854	36,957	1,496,811	21,450
Due from primary government	-	-	-	12,909
Prepaid expenses and other current assets	-	-	-	574,848
Restricted investments, long-term	-	257,925	257,925	-
Inventory	698,117	-	698,117	2,061,273
Note receivable	-	-	-	-
Assets limited as to use, less current portion	-	-	-	17,085,601
Capital assets not being depreciated	28,928,423	1,246,500	30,174,923	4,685,016
Capital assets being depreciated, net of accumulated depreciation	19,090,701	19,227,031	38,317,732	49,639,410
Other assets, long-term	-	-	-	1,621,042
Total assets	61,010,438	23,817,402	84,827,840	104,622,564
LIABILITIES & DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	370,802	193,031	563,833	8,365,809
Due to other governments	462,225	-	462,225	-
Due to third party payors	-	-	-	3,467,524
Refundable advances	14,421	-	14,421	-
Noncurrent liabilities				
Due within one year	537,331	730,000	1,267,331	38,450
Due in more than one year	3,500,000	2,577,611	6,077,611	100,215
Total liabilities	4,884,779	3,500,642	8,385,421	11,971,998
Deferred inflows of resources				
Deferred taxes	570,021	-	570,021	10,852
Total deferred inflows of resources	570,021	-	570,021	10,852
NET POSITION				
Invested in capital assets, net of related debt	45,752,808	17,193,531	62,946,339	54,264,909
Restricted by voters	77,212	-	77,212	-
Restricted by state statutes	775,829	-	775,829	-
Restricted by bond covenants	-	924,020	924,020	-
Restricted by donors	-	-	-	7,273,277
Restricted nonexpendable	-	-	-	2,287,124
Unrestricted	8,949,789	2,199,209	11,148,998	28,814,404
Total net position	\$ 55,555,638	\$ 20,316,760	\$ 75,872,398	\$ 92,639,714

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary government				
Governmental activities				
General government	\$ 8,606,549	\$ 918,431	\$ 76,543	\$ 307,735
Public safety	5,262,543	300,020	226,996	43,564
Public works	2,853,758	163,175	40,284	92,181
Health, welfare, and recreation	844,354	11,955	411,194	19,433
Conservation of natural resources	285,686	-	6,018	-
Capital outlay	64,492	-	-	484,190
Interest on long-term debt	98,552	-	-	-
Total governmental activities	18,015,934	1,393,581	761,035	947,103
Business-type activities				
Airport	2,539,134	533,892	15,961	2,940,853
Total primary government	\$ 20,555,068	\$ 1,927,473	\$ 776,996	\$ 3,887,956
Component units	\$ 72,647,469	\$ 62,786,127	\$ 7,594,293	\$ -
			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, beginning of year, as restated	
			Net position, end of year	

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units Totals
Governmental Activities	Business Activity	Total	
\$ (7,303,840)	\$ -	\$ (7,303,840)	\$ -
(4,691,963)	-	(4,691,963)	-
(2,558,118)	-	(2,558,118)	-
(401,772)	-	(401,772)	-
(279,668)	-	(279,668)	-
419,698	-	419,698	-
(98,552)	-	(98,552)	-
(14,914,215)	-	(14,914,215)	-
-	951,572	951,572	-
(14,914,215)	951,572	(13,962,643)	-
-	-	-	(2,267,049)
7,005,447	-	7,005,447	1,165,106
4,236,033	-	4,236,033	-
3,282,597	86,842	3,369,439	-
972,596	-	972,596	-
927,267	-	927,267	-
43,152	3,452	46,604	2,052,972
-	-	-	128,960
133,146	-	133,146	354,665
(453,080)	453,080	-	-
16,147,158	543,374	16,690,532	3,701,703
1,232,943	1,494,946	2,727,889	1,434,654
54,322,695	18,841,203	73,163,898	91,205,060
-	(19,389)	(19,389)	-
54,322,695	18,821,814	73,144,509	91,205,060
\$ 55,555,638	\$ 20,316,760	\$ 75,872,398	\$ 92,639,714

SHERIDAN COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 9,949,040	\$ 17,865	\$ 328,194	\$ 10,295,099
Investments	204,820	-	-	204,820
Taxes receivable	209,438	-	-	209,438
Accounts receivable	123,986	-	-	123,986
Due from other governments	1,183,360	261,042	15,452	1,459,854
Due from other funds	195,587	-	-	195,587
Inventory	-	460,337	237,780	698,117
Total assets	<u>\$ 11,866,231</u>	<u>\$ 739,244</u>	<u>\$ 581,426</u>	<u>\$ 13,186,901</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 364,694	\$ 6,108	\$ -	\$ 370,802
IBNR claims payable	225,875	-	-	225,875
Due to other governments	462,225	-	-	462,225
Due to other funds	-	195,587	-	195,587
Refundable advances	14,421	-	-	14,421
Total liabilities	<u>1,067,215</u>	<u>201,695</u>	<u>-</u>	<u>1,268,910</u>
Deferred inflows of resources				
Deferred taxes	714,825	-	-	714,825
Total deferred inflows of resources	<u>714,825</u>	<u>-</u>	<u>-</u>	<u>714,825</u>
Fund Balances				
Nonspendable				
Inventory	-	460,337	237,780	698,117
Restricted				
Voters resolution	-	77,212	-	77,212
Wyoming state statutes	432,183	-	343,646	775,829
Committed				
County resolutions	393,750	-	-	393,750
Healthcare costs	887,578	-	-	887,578
Assigned	6,841,292	-	-	6,841,292
Unassigned	1,529,388	-	-	1,529,388
Total fund balances	<u>10,084,191</u>	<u>537,549</u>	<u>581,426</u>	<u>11,203,166</u>
Total liabilities, deferred inflows of resources and and fund balances	<u>\$ 11,866,231</u>	<u>\$ 739,244</u>	<u>\$ 581,426</u>	<u>\$ 13,186,901</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, 2013

Total fund balances - governmental funds		\$ 11,203,166
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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.</p>		
	48,019,124	
<p>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.</p>		
Property taxes current year		144,804
<p>Some liabilities exceed the amount that is due and payable in the current period and therefore are not fully reported in the governmental funds.</p>		
Capital lease obligations	\$ (437,323)	
Capital facilities lease and revenue bonds financing	(1,535,411)	
State Revolving Loan fund	(293,582)	
Reclamation and royalties liability	(97,000)	
Other postemployment employee benefits liability current year	(693,852)	
Compensated absences in total	(385,466)	
Repayment of sales tax due to incorrect distribution	(368,822)	(3,811,456)
Net position of governmental activities		\$ 55,555,638

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, 2013

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
Revenues				
Taxes	\$ 12,931,066	\$ 1,548,300	\$ -	\$ 14,479,366
Licenses and permits	202,954	-	-	202,954
Intergovernmental revenues	3,756,160	4,400	418,813	4,179,373
Charges for services	801,020	-	-	801,020
Investment income	42,284	868	-	43,152
Miscellaneous revenues	108,856	-	-	108,856
Total revenues	<u>17,842,340</u>	<u>1,553,568</u>	<u>418,813</u>	<u>19,814,721</u>
Expenditures				
Current				
General government	8,068,561	-	-	8,068,561
Public safety	4,665,369	-	-	4,665,369
Public works	1,943,796	-	-	1,943,796
Health, welfare and recreation	1,158,434	-	-	1,158,434
Conservation of natural resources	143,759	-	-	143,759
Debt Service				
Principal	332,913	32,228	-	365,141
Interest	98,552	-	-	98,552
Capital outlay	1,393,147	3,307,609	2,000	4,702,756
Total expenditures	<u>17,804,531</u>	<u>3,339,837</u>	<u>2,000</u>	<u>21,146,368</u>
Excess (deficiency) of revenues over expenditures	<u>37,809</u>	<u>(1,786,269)</u>	<u>416,813</u>	<u>(1,331,647)</u>
Other financing sources (uses)				
Proceeds from capital financing	217,120	-	-	217,120
Proceeds from sale of assets	48,061	-	-	48,061
Transfers in	582,717	2,035,298	2,000	2,620,015
Transfers (out)	(1,346,160)	(575,035)	(1,151,900)	(3,073,095)
Total other financing sources (uses)	<u>(498,262)</u>	<u>1,460,263</u>	<u>(1,149,900)</u>	<u>(187,899)</u>
Net changes in fund balances	<u>(460,453)</u>	<u>(326,006)</u>	<u>(733,087)</u>	<u>(1,519,546)</u>
Fund balances, beginning of year	10,544,644	676,697	1,440,297	12,661,638
Decrease in reserve for inventory	-	186,858	(125,784)	61,074
Fund balances, end of year	<u>\$ 10,084,191</u>	<u>\$ 537,549</u>	<u>\$ 581,426</u>	<u>\$ 11,203,166</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, 2013

Net change in fund balances - total governmental funds \$ (1,519,546)

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

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

Fixed asset acquisitions expensed in the governmental funds	\$ 5,069,414	
Assets transferred from construction in progress to fixed assets and infrastructure	(633,248)	
Loss on disposal of assets	(100,259)	
Depreciation expense for the year	(1,660,156)	2,675,751

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

Principal payments on capital lease obligations	222,141	
Principal payment on Lease Revenue Bond Series 2006 A and B	38,000	
Principal payment on State Revolving Fund loan	12,794	
Amounts provided through lease financing	(217,120)	
Repayment of sales tax due to incorrect distribution	92,205	
Prior year reclamation and royalty payments liability	93,000	
Current year reclamation and royalty payments liability	(97,000)	
Prior year liability for compensated absences	414,738	
Current year liability for compensated absences	(385,466)	
Prior year liability for OPEB	669,290	
Current year liability for OPEB	(693,852)	148,730

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

This is the net effect of this difference in the treatment of inventory. 61,074

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

Grants receivable prior year	(173,377)	
Property taxes prior year	(104,493)	
Property taxes current year	144,804	(133,066)

Change in net position of governmental activities \$ 1,232,943

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2013

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
ASSETS	
Cash and cash equivalents	\$ 1,869,014
Investments	501,388
Investments restricted by bond covenants, current	666,095
Accounts receivable	12,492
Due from other governments	36,957
Investments restricted by bond covenants	257,925
Capital assets, net of accumulated depreciation and amortization	20,473,531
Total assets	<u>23,817,402</u>
LIABILITIES	
Accounts payable and accrued liabilities	193,031
Current maturity of bonds payable	730,000
Total current liabilities	<u>923,031</u>
Bonds payable, net of current maturity	2,550,000
Compensated absences	27,611
Total long-term liabilities	<u>2,577,611</u>
NET POSITION	
Invested in capital assets, net of related debt	17,193,531
Restricted by bond covenants	924,020
Unrestricted	2,199,209
Total net position	<u>\$ 20,316,760</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 Year Ended June 30, 2013

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund
Operating revenues	
Charges for services	\$ 533,892
Operating expenses	
Salaries and benefits	514,241
Operating expenses	302,543
Depreciation	1,621,926
Total operating expenses	2,438,710
Operating loss	(1,904,818)
Nonoperating revenues (expense)	
Taxes	21,531
Interest income	3,452
Interest expense	(36,371)
Passenger facility charges pledged as security for revenue bonds	65,310
Bond issuance costs	(64,052)
Grants	15,961
Total nonoperating revenue	5,831
Loss before contributions and transfers	(1,898,987)
Capital contributions - grants	2,940,853
Transfers in	453,080
Changes in net position	1,494,946
Net position, beginning of year	18,841,203
Prior period adjustment	(19,389)
Net position, beginning of year, as restated	18,821,814
Net position, end of year	\$ 20,316,760

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2013

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 527,699
Payments to suppliers	(346,953)
Payments to employees	(508,911)
Net cash used in operating activities	(328,165)
Cash Flows from Noncapital Financing Activities	
Passenger facility charges	65,310
Subsidy from tax revenue	21,531
Subsidy from state and federal grants	15,961
Net cash provided by noncapital financing activities	102,802
Cash Flows from Capital and Related Financing Activities	
State and federal capital grants	3,093,332
Transfer from primary government for capital projects	453,080
Proceeds from bond issuance	2,630,000
Principal payment on bonds payable	(50,000)
Interest paid on bonds and note payable	(36,371)
Bond issuance costs	(64,052)
Purchases of property and equipment	(3,238,285)
Net cash provided by capital and related financing activities	2,787,704
Cash Flows from Investing Activities	
Interest received	3,452
Purchase of investments	(164,276)
Purchase of restricted investments	(803,509)
Net cash used in investing activities	(964,333)
Net increase in cash and cash equivalents	1,598,008
Cash and cash equivalents, beginning of year	271,006
Cash and cash equivalents, end of year	\$ 1,869,014

(Continued)

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

Year Ended June 30, 2013

	Business-type Activity Enterprise Fund Sheridan County Airport Fund
Reconciliation of operating loss to net cash used in operating activities	
Loss from operations	\$ (1,904,818)
Adjustments to reconcile operating loss to cash used in operating activities	
Depreciation and amortization	1,621,926
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Accounts receivable	(6,193)
Accounts payable and accrued liabilities	(44,410)
Compensated absences	5,330
Net cash used in operating activities	<u><u>\$ (328,165)</u></u>
Schedule of non-cash financing activities	
Prior period adjustment resulting from implementation of GASB 65	\$ 19,389

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2013

	<u>General Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,052,719
Taxes receivable	1,160,381
Due from other governments	<u>675,389</u>
Total assets	<u>5,888,489</u>
LIABILITIES	
Due to component units	12,909
Due to other governments	4,715,199
Deferred property tax revenue	<u>1,160,381</u>
Total liabilities	<u>5,888,489</u>
NET POSITION	
Total net position	<u><u>\$ -</u></u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2013

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
ASSETS			
Cash and cash equivalents	\$ 1,459,156	\$ 425,977	\$ 297,871
Investments	-	23,852	2,496,847
Current portion of assets limited as to use	-	-	-
Taxes receivable	35,189	-	-
Accounts receivable	7,390	-	5,000
Other receivables	-	-	-
Due from other governments	-	-	21,450
Due from primary government	12,909	-	-
Prepaid expenses and other current assets	-	-	-
Inventory	203,715	-	-
Assets limited as to use, less current portion	-	-	-
Capital assets, net of accumulated depreciation	873,127	1,011,662	3,735,339
Other assets, long-term	-	-	-
Total assets	<u>2,591,486</u>	<u>1,461,491</u>	<u>6,556,507</u>
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities	112,404	9,720	-
Due to third-party payors	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	27,107	6,889	45,152
Total liabilities	<u>139,511</u>	<u>16,609</u>	<u>45,152</u>
Deferred inflows of resources			
Deferred taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	873,127	1,011,662	3,735,339
Restricted for special purpose funds	-	-	-
Permanently restricted by donors	-	-	1,383,588
Unrestricted	1,578,848	433,220	1,392,428
Total net position	<u>\$ 2,451,975</u>	<u>\$ 1,444,882</u>	<u>\$ 6,511,355</u>

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 4,743,142	\$ 6,926,146
9,057,141	11,577,840
502,343	502,343
-	35,189
7,712,514	7,724,904
2,154,593	2,154,593
-	21,450
-	12,909
574,848	574,848
1,857,558	2,061,273
17,085,601	17,085,601
48,704,298	54,324,426
1,621,042	1,621,042
94,013,080	104,622,564
8,243,685	8,365,809
3,467,524	3,467,524
38,450	38,450
21,067	100,215
11,770,726	11,971,998
10,852	10,852
10,852	10,852
48,644,781	54,264,909
7,273,277	7,273,277
903,536	2,287,124
25,409,908	28,814,404
\$ 82,231,502	\$ 92,639,714

SHERIDAN COUNTY, WYOMING

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS**

Year Ended June 30, 2013

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Weed and Pest Control				
District	\$ 1,365,746	\$ 127,560	\$ -	\$ -
Sheridan County Fair	645,430	61,436	462,226	-
Sheridan County Public Library	1,733,863	43,460	1,529,190	-
Memorial Hospital of Sheridan County	68,902,430	62,553,671	5,602,877	-
	\$ 72,647,469	\$ 62,786,127	\$ 7,594,293	\$ -
		General Revenues		
		Property taxes		
		Miscellaneous		
		Contributions to endowment		
		Unrestricted investment earnings		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets				
Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library	Memorial Hospital of Sheridan County	Totals
\$ (1,238,186)	\$ -	\$ -	\$ -	\$ (1,238,186)
-	(121,768)	-	-	(121,768)
-	-	(161,213)	-	(161,213)
-	-	-	(745,882)	(745,882)
<u>(1,238,186)</u>	<u>(121,768)</u>	<u>(161,213)</u>	<u>(745,882)</u>	<u>(2,267,049)</u>
1,165,106	-	-	-	1,165,106
-	57,193	-	297,472	354,665
-	-	128,960	-	128,960
2,542	1,497	277,915	1,771,018	2,052,972
<u>1,167,648</u>	<u>58,690</u>	<u>406,875</u>	<u>2,068,490</u>	<u>3,701,703</u>
(70,538)	(63,078)	245,662	1,322,608	1,434,654
<u>2,522,513</u>	<u>1,507,960</u>	<u>6,265,693</u>	<u>80,908,894</u>	<u>91,205,060</u>
<u>\$ 2,451,975</u>	<u>\$ 1,444,882</u>	<u>\$ 6,511,355</u>	<u>\$ 82,231,502</u>	<u>\$ 92,639,714</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2013

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

Discretely Presented Component Units (Continued)

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

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

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

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.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

The government reports the following major governmental funds:

General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Road Construction Fund is a capital project fund and is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The government reports the following major proprietary fund:

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

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

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.

Effective this reporting period is GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB No. 62 will result in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 63 and No. 65

During the year ended June 30, 2013, Sheridan County implemented two new accounting standards. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, resulted in a change to the County's financial reporting. Those changes are reflected in this financial report. GASB No. 65, *Items Previously Reported as Assets and Liabilities*, resulted in a prior period adjustment for a change in accounting policies. See Note 16 for more details.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Investments

Wyoming Statutes authorize the types of investments in which Counties may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, and repurchase agreements involving U.S. Government securities. The County's investments consist of certificates of deposit, U.S. Agencies' obligations, all of which are carried at fair value, and participation in WYO-STAR. WYO-STAR is a government investment pool, established on or after July 1, 1996, offered exclusively to Wyoming governmental entities. The value of the County's investments in WYO-STAR is equal to the value of its share WYO-STAR. The Library Foundation has investments in mutual funds, corporate bonds, and equities.

Receivables and Payables

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

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

Assets Limited as to Use

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

Inventory

All inventories are valued at cost using first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed (purchases method), within the fund level financial statements. The consumption method is used for reporting these inventories at the government-wide level. Inventory of the Memorial Hospital of Sheridan County consists of supplies stated at cost which is determined generally on a first-in, first-out basis.

Restricted Assets

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Capital Assets

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

Property and equipment donated for the Memorial Hospital of Sheridan County's operations are recorded as additions to the restricted net position at fair value at the date of receipt and as a transfer to the unrestricted net position when the assets are placed in service.

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Property Taxes

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

The County 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, 2013, was 12 mills, which means the County has levied to the maximum amount available.

Major Taxpayers

The County's 10 largest taxpayers account for approximately 32% of the County's total assessed property valuation. Nine of the 10 taxpayers are involved in mineral extraction industries. The remaining major taxpayer is a railroad company. The County received approximately 10% of its total revenues from these taxpayers.

Motor Vehicle Fees

Motor Vehicle fees collected by the County from January to June are not identified as revenue to the County and recipient agencies until September of each year after the new levies have been set. The revenue is not earned as of the end of the fiscal year, nor does it qualify as available and measurable. As June 30, 2013, the County's estimated portion in the amount of \$538,364 is recorded as a deferred revenue, and the remaining \$2,628,482 due to other jurisdictions is recorded in the fiduciary fund.

Compensated Absences

All regular, full-time employees are entitled to vacation leave and all regular part-time employees accumulate vacation leave on a prorated basis. Non-exempt employees accumulate vacation leave hours monthly based on number of years of service with the County. Exempt employees earn 14 hours per month. Employees will be paid for the unused vacation leave up to a maximum of 192 accumulated hours. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

Regular employees accrue one day per month of sick leave; however, none of the accumulated sick leave will be paid upon termination of employment. The contingent liability for the primary government's unvested amount of sick leave as of June 30, 2013 was approximately \$882,000.

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Budget (Continued)

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, 2013 to increase the general fund's grant revenues by \$1,782,590 and expenditures by \$1,376,241. The budget amendment also included transfers from the fixed cost department to the county commissioner's department of \$5,000, to the county coroner's department of \$6,000, to the clerk of district court of \$14,000, and to the public health department of \$5,000. The budget amendment also included transfers of \$175,000 from the one cent optional department, \$13,750 from the county attorney's department, and \$56,250 from the fixed cost department unexpected appropriation to the general government's county capital funding of \$245,000. In addition, the County amended Capital Facilities Fund budget by increasing capital expenditures by \$250,000.

Charity Care

The Memorial Hospital of Sheridan County provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Memorial Hospital of Sheridan County does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. However, the Hospital maintains records to identify and monitor the level of charity care provided. The Hospital provided charity care in the amount of \$1,906,024 for the year ended June 30, 2013.

Net Patient Service Revenue

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

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

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services, and certain capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Effective August 1, 2000, Medicare changed its method of paying for outpatient services to a prospective payment methodology based on the system of ambulatory payment classification (“APC”). The Memorial Hospital of Sheridan County's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Memorial Hospital of Sheridan County's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.

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

SHERIDAN COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Accounting Estimates

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

Collections

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

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, 2013.

Reclassification

Certain balances of the prior year have been reclassified to conform with the presentation of the current year with no effect on net position.

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, 2013, the County's bank balances were collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County.

Component Units

As of June 30, 2013, the bank balances of all County's component units, except for the Memorial Hospital of Sheridan County, were collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County's component units.

Memorial Hospital of Sheridan County

As of June 30, 2013, the carrying amount of the Memorial Hospital of Sheridan County's cash, including cash limited as to use, was \$21,002,151. In 2013, all invested cash balances were covered by Federal depository insurance or by collateral held by the Memorial Hospital of Sheridan County's agent in the Memorial Hospital of Sheridan County's name.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Deposits and Investments (Continued)

Investments

As of June 30, 2013, the primary government of the County had the following investments:

Investment Type	Fair Value	Interest Rate	Less		Rating
			Than 1	1 - 5	
State Treasurer's					
Investment Pool (WYO-STAR)	\$ 705,208	0.06% - 0.21%	\$ 705,208	\$ -	N/A
Certificate of deposit	1,000	3.68%	-	1,000	N/A
Restricted					
U.S. Government Securities	257,925	1.25%	3,000	254,925	AAA
Total	<u>\$ 964,133</u>		<u>\$ 708,208</u>	<u>\$ 255,925</u>	

These investments are reported under the following captions on the statement of net position:

Investments	\$ 706,208
Restricted investments	257,925
	<u>\$ 964,133</u>

As of June 30, 2013, the component units of the County, excluding the Memorial Hospital of Sheridan County, had the following investments:

Investment Type	Fair Value	Interest Rate	Less			More Than 10
			Than 1	1 - 5	6 - 10	
Corporate bonds	\$ 60,148	1.375% - 4.45%	\$ -	\$ 35,834	\$ 24,314	\$ -
Money market funds	74,427	n/a	74,427	-	-	-
Mutual funds	359,747	n/a	359,747	-	-	-
Equities	1,377,390	n/a	1,377,390	-	-	-
U.S. Government						
Securities	568,988	0.375% - 9%	-	150,540	97,370	321,078
Certificate of deposit	79,999	0.2% - 2.45%	79,999	-	-	-
Total	<u>\$ 2,520,699</u>		<u>\$ 1,891,563</u>	<u>\$ 186,374</u>	<u>\$ 121,684</u>	<u>\$ 321,078</u>

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Deposits and Investments (Continued)

Memorial Hospital of Sheridan County

Cash and investments, including assets limited as to use of Memorial Hospital of Sheridan County, as of June 30, 2013 is as follows:

Petty cash	\$ 4,931
Interest-bearing checking accounts	11,106,025
Certificates of deposit	9,891,195
	<u>21,002,151</u>
Memorial Hospital Foundation	
Cash	1,328,935
Investments	9,057,141
	<u>10,386,076</u>
	<u>\$ 31,388,227</u>

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The County does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the County's total investments. At June 30, 2013, the County had 73% of its investments in WYOSTAR, the State Treasurer's Investment Pool, and the component units, excluding Memorial Hospital of Sheridan County which had 3% of its investments in Certificates of Deposit, had 55% of their investments in equities, 14% of their investments in mutual funds, 2% of their investments in corporate bonds, 3% of their investments in money market funds, and 23% of their investments in U.S. government securities, respectively. Investments in mutual funds and equities are held by the Sheridan County Library Foundation, which is not subject to the state statutes restricting investments.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

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

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

The patient accounts receivable balance of Memorial Hospital of Sheridan County as of June 30, 2013 is comprised of the following:

Medicare	\$ 5,118,829
Medicaid	1,033,952
Insurance and other-third party	7,254,527
Private pay	3,398,129
	<u>16,805,437</u>
Less allowance for doubtful accounts	<u>(9,092,923)</u>
	<u><u>\$ 7,712,514</u></u>

At June 30, 2013, the Memorial Hospital of Sheridan County has assets limited as to use for certain purposes as follows:

Capital improvements	\$ 14,913,465
Current operations	2,474,375
Restricted contributions	200,104
	<u>17,587,944</u>
Less amounts required for current liabilities	<u>(502,343)</u>
	<u><u>\$ 17,085,601</u></u>

Assets limited as to use consist of \$17,587,944 in money market funds and certificates of deposit.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2013 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 195,587	\$ -
Capital Facilities Tax Fund	-	195,587
	<u>\$ 195,587</u>	<u>\$ 195,587</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 582,717	\$ 1,346,160
Capital Facilities Tax Fund	2,035,298	575,035
Road Construction Fund	2,000	1,151,900
Airport Fund	453,080	-
	<u>\$ 3,073,095</u>	<u>\$ 3,073,095</u>

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

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SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	24,528,305	2,420,434	-	26,948,739
Construction in progress	1,073,502	576,113	633,248	1,016,367
Total capital assets not being depreciated	<u>26,565,124</u>	<u>2,996,547</u>	<u>633,248</u>	<u>28,928,423</u>
Capital assets being depreciated				
Land improvements	595,690	48,143	-	643,833
Buildings and building improvements	23,665,233	1,297,155	46,290	24,916,098
Equipment	5,167,832	572,160	470,566	5,269,426
Furnishings, computer equipment and software	2,889,382	54,805	-	2,944,187
Vehicles	1,176,437	100,604	138,218	1,138,823
Total capital assets being depreciated	<u>33,494,574</u>	<u>2,072,867</u>	<u>655,074</u>	<u>34,912,367</u>
Less accumulated depreciation for				
Land improvements	275,471	59,022	-	334,493
Buildings and building improvements	7,390,185	767,164	15,044	8,142,305
Equipment	3,761,623	580,915	420,474	3,922,064
Furnishings, computer equipment and software	2,373,020	134,880	-	2,507,900
Vehicles	916,026	118,175	119,297	914,904
Total accumulated depreciation	<u>14,716,325</u>	<u>1,660,156</u>	<u>554,815</u>	<u>15,821,666</u>
Total capital assets, being depreciated, net	<u>18,778,249</u>	<u>412,711</u>	<u>100,259</u>	<u>19,090,701</u>
Governmental activities, capital assets, net	<u>\$ 45,343,373</u>	<u>\$ 3,409,258</u>	<u>\$ 733,507</u>	<u>\$ 48,019,124</u>

Approximately \$1,390,749 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$202,834 is included in annual depreciation expense.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

Primary Government (Continued)

Capital asset activity for the business-type activities of Sheridan County for the year ended June 30, 2013:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,079,529	\$ -	\$ -	\$ 1,079,529
Construction in progress	966,039	3,177,139	3,976,207	166,971
Total capital assets not being depreciated	<u>2,045,568</u>	<u>3,177,139</u>	<u>3,976,207</u>	<u>1,246,500</u>
Capital assets being depreciated				
Buildings, building improvements and runways	36,408,167	4,020,101	-	40,428,268
Equipment	1,823,429	17,252	-	1,840,681
Total capital assets being depreciated	<u>38,231,596</u>	<u>4,037,353</u>	<u>-</u>	<u>42,268,949</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	20,365,615	1,484,355	-	21,849,970
Furnishings and computer equipment	1,054,377	137,571	-	1,191,948
Total accumulated depreciation	<u>21,419,992</u>	<u>1,621,926</u>	<u>-</u>	<u>23,041,918</u>
Total capital assets, being depreciated, net	<u>16,811,604</u>	<u>2,415,427</u>	<u>-</u>	<u>19,227,031</u>
Capital assets, net	<u>\$ 18,857,172</u>	<u>\$ 5,592,566</u>	<u>\$ 3,976,207</u>	<u>\$ 20,473,531</u>

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

Governmental activities	
General government	\$ 1,057,214
Public safety	118,175
Public works	<u>484,767</u>
Total depreciation expense - governmental activities	<u>\$ 1,660,156</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

Component Units

Capital asset activity for each component unit for the year ended June 30, 2013, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 857,723	\$ -	\$ -	\$ 857,723
Vehicles and equipment	302,607	-	-	302,607
Total capital assets being depreciated	<u>1,160,330</u>	<u>-</u>	<u>-</u>	<u>1,160,330</u>
Less accumulated depreciation for				
Buildings and improvements	67,441	21,890	-	89,331
Vehicles and equipment	155,166	42,706	-	197,872
Total accumulated depreciation	<u>222,607</u>	<u>64,596</u>	<u>-</u>	<u>287,203</u>
Total capital assets, being depreciated, net	<u>937,723</u>	<u>(64,596)</u>	<u>-</u>	<u>873,127</u>
Capital assets, net	<u>\$ 937,723</u>	<u>\$ (64,596)</u>	<u>\$ -</u>	<u>\$ 873,127</u>

Capital asset activity for the Sheridan County Fair for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Land improvements	\$ 2,732,185	\$ -	\$ -	\$ 2,732,185
Buildings and building improvements	1,496,011	40,101	-	1,536,112
Equipment, grounds keeping	303,897	42,525	13,100	333,322
Equipment, other	18,054	-	-	18,054
Vehicles	68,250	-	-	68,250
Total capital assets being depreciated	<u>4,618,397</u>	<u>82,626</u>	<u>13,100</u>	<u>4,687,923</u>
Less accumulated depreciation for				
Land improvements	2,084,985	38,463	-	2,123,448
Buildings and building improvements	1,303,551	23,085	-	1,326,636
Equipment, grounds keeping	136,257	49,409	10,293	175,373
Equipment, other	18,054	-	-	18,054
Vehicles	22,100	10,650	-	32,750
Total accumulated depreciation	<u>3,564,947</u>	<u>121,607</u>	<u>10,293</u>	<u>3,676,261</u>
Capital assets, net	<u>\$ 1,053,450</u>	<u>\$ (38,981)</u>	<u>\$ 2,807</u>	<u>\$ 1,011,662</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Sheridan County Public Library for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Art	\$ 164,755	\$ -	\$ -	\$ 164,755
Rare book collection	442,800	-	-	442,800
Land	248,231	-	-	248,231
Total capital assets not being depreciated	<u>855,786</u>	<u>-</u>	<u>-</u>	<u>855,786</u>
Capital assets being depreciated				
Buildings and building improvements	5,137,265	46,200	-	5,183,465
Furnishings and computer equipment	95,918	15,000	-	110,918
Equipment	15,435	-	-	15,435
Vehicles	24,475	-	-	24,475
Library collection	3,242,079	-	-	3,242,079
Total capital assets being depreciated	<u>8,515,172</u>	<u>61,200</u>	<u>-</u>	<u>8,576,372</u>
Less accumulated depreciation for				
Buildings and building improvements	2,157,543	168,158	-	2,325,701
Furnishings and computer equipment	79,330	9,799	-	89,129
Equipment	15,435	-	-	15,435
Vehicles	21,212	3,263	-	24,475
Library collection	3,242,079	-	-	3,242,079
Total accumulated depreciation	<u>5,515,599</u>	<u>181,220</u>	<u>-</u>	<u>5,696,819</u>
Total capital assets being depreciated, net	<u>2,999,573</u>	<u>(120,020)</u>	<u>-</u>	<u>2,879,553</u>
Capital assets, net	<u>\$ 3,855,359</u>	<u>\$ (120,020)</u>	<u>\$ -</u>	<u>\$ 3,735,339</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Memorial Hospital of Sheridan County for the year ended June 30, 2013, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 3,477,777	\$ -	\$ -	\$ 3,477,777
Construction in progress	7,918,763	-	7,567,310	351,453
Total capital assets not being depreciated	<u>11,396,540</u>	<u>-</u>	<u>7,567,310</u>	<u>3,829,230</u>
Capital assets being depreciated				
Buildings and improvements	48,413,479	3,299,669	233,200	51,479,948
Equipment	28,604,788	14,436,020	3,084,273	39,956,535
Total capital assets being depreciated	<u>77,018,267</u>	<u>17,735,689</u>	<u>3,317,473</u>	<u>91,436,483</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>43,472,586</u>	<u>6,149,327</u>	<u>3,060,498</u>	<u>46,561,415</u>
Total capital assets, being depreciated, net	<u>33,545,681</u>	<u>11,586,362</u>	<u>256,975</u>	<u>44,875,068</u>
Capital assets, net	<u>\$ 44,942,221</u>	<u>\$ 11,586,362</u>	<u>\$ 7,824,285</u>	<u>\$ 48,704,298</u>

Note 6. 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 \$9,865,049 at June 30, 2013. The County had no outstanding debt subject to this limitation.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. County Debt (Continued)

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2013:

	Balance June 30, 2012	New Debt Incurred	Debt Retired	Balance June 30, 2013	Due Within One Year
Primary Government					
Governmental activities					
Capital lease obligations	\$ 442,344	\$ 217,120	\$ 222,141	\$ 437,323	\$ 130,329
Lease Revenue Bond					
Series 2006 A	1,245,000	-	30,000	1,215,000	32,000
Lease Revenue Bond					
Series 2006 B	328,411	-	8,000	320,411	8,000
State Revolving Fund loan	306,376	-	12,794	293,582	13,114
Incurred but not reported claims (Note 13)	303,313	-	77,438	225,875	225,875
Reclamation liability and royalty payments (Note 12)	93,000	81,050	77,050	97,000	-
OPEB liability (Note 15)	669,290	24,562	-	693,852	-
Compensated absences (Note 1)	414,738	385,466	414,738	385,466	35,808
Repayment of sales tax due to incorrect distribution	461,027	-	92,205	368,822	92,205
	<u>\$ 4,263,499</u>	<u>\$ 708,198</u>	<u>\$ 934,366</u>	<u>\$ 4,037,331</u>	<u>\$ 537,331</u>
Business activities					
Bonds payable	\$ 700,000	\$ 2,630,000	\$ 50,000	\$ 3,280,000	\$ 730,000
Compensated absences	22,281	5,330	-	27,611	-
	<u>\$ 722,281</u>	<u>\$ 2,635,330</u>	<u>\$ 50,000</u>	<u>\$ 3,307,611</u>	<u>\$ 730,000</u>
Component Units					
Notes and capital leases	\$ 233,682	\$ -	\$ 174,165	\$ 59,517	\$ 38,450
Compensated absences	76,931	2,217	-	79,148	-
	<u>\$ 310,613</u>	<u>\$ 2,217</u>	<u>\$ 174,165</u>	<u>\$ 138,665</u>	<u>\$ 38,450</u>

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. 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 \$181,141.51 in unused DWSRF loan funds in May 2011. As of June 30, 2013, the County had received \$318,858 in advances on this loan. The loan is amortized over 20 years with 2.5% interest. As of June 30, 2013, the County made principal payments of \$12,794 on this loan.

The debt requirement on the Drinking Water and State Revolving Fund Loan as of June 30, 2013 is as follows:

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 13,114	\$ 7,340	\$ 20,454
2015	13,442	7,012	20,454
2016	13,778	6,676	20,454
2017	14,123	6,331	20,454
2018	14,476	5,978	20,454
2019-2023	77,993	24,277	102,270
2024-2028	88,239	14,030	102,269
2029-2031	58,417	2,945	61,362
	<u>\$ 293,582</u>	<u>\$ 74,589</u>	<u>\$ 368,171</u>

Capital Leases Payable

Capital lease obligations collateralized by the assets noted as of June 30, 2013 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$54,200 including interest of 4.75%, through September 2013	\$ 51,743
Lease/Purchase obligation on heavy equipment, due in annual installments of \$38,649 including interest of 4.40%, through October 2016	182,205
Lease/Purchase obligation on heavy equipment, due in annual installments of \$33,451 including interest of 2.50%, through November 2018	184,270
Lease/Purchase obligation on recording system, due in annual installments of \$20,386 including interest of 6.70%, through August 2014	19,105
	<u>437,323</u>
Less current maturities of capital lease obligations	130,329
	<u>\$ 306,994</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. County Debt (Continued)

Primary Government (Continued)

Capital Leases Payable (Continued)

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

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2013 are as follows:

<u>Year ending June 30.</u>	
2014	\$ 146,686
2015	72,100
2016	162,100
2017	33,451
2018 and thereafter	66,902
Total minimum lease payments	<u>481,239</u>
Less: amount representing interest	43,916
Present value of minimum lease payments	<u><u>\$ 437,323</u></u>

Lease Revenue Bond Anticipation Note

During the fiscal year ended June 30, 2004, the County issued a Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 at 4% interest to finance construction of the Sheridan County Law Enforcement Facility. In June 2006, the County issued Sheridan County Joint Powers Law Enforcement Center Lease Revenue Bonds Series A and B in the amount of \$1,400,000 at 4.375% interest and \$400,000 at 4.125% interest, respectively to refinance the Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 and to provide additional financing for the jail improvements. Rural Housing Service, U.S.D.A. purchased both of the Lease Revenue Bonds Series A and B. All revenue received by the County from outside boarding and work release programs operating in connection with the jail facility are assigned for payment of the Lease Revenue Bonds Series A and B. During the year ended June 30, 2007, the unspent balance from the escrow account in the amount of \$23,589 was used to pay down the Lease Revenue Bond Series B. The scheduled principal and interest payments on the Lease Revenue Bonds Series A and B, as of June 30, 2013, are as follows:

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. County Debt (Continued)

Primary Government (Continued)

Lease Revenue Bond Anticipation Note (Continued)

<u>Year ending June 30,</u>	<u>Series A Principal</u>	<u>Series B Principal</u>	<u>Series A Interest</u>	<u>Series B Interest</u>	<u>Total</u>
2014	\$ 32,000	\$ 8,000	\$ 52,806	\$ 13,134	\$ 105,940
2015	32,000	8,000	51,406	12,804	104,210
2016	35,000	10,000	49,984	12,474	107,458
2017	36,000	12,000	48,431	12,021	108,452
2018	37,000	12,000	46,856	11,526	107,382
2019-2023	214,000	60,000	207,900	50,203	532,103
2024-2028	265,000	77,000	156,384	36,508	534,892
2029-2033	329,000	92,000	92,291	19,472	532,763
2034-2036	235,000	41,411	18,353	2,719	297,483
	<u>\$ 1,215,000</u>	<u>\$ 320,411</u>	<u>\$ 724,411</u>	<u>\$ 170,861</u>	<u>\$ 2,430,683</u>

This debt is serviced by the General Fund.

Repayment of Sales Tax

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

2014	\$ 92,205
2015	92,205
2016	92,205
2017	92,207
	<u>\$ 368,822</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. County Debt (Continued)

Revenue Bonds - Sheridan County Airport

In June 2013, the County issued Series 2013 Airport Revenue Refunding Bonds for the purpose of defeasing the Series 2005 Airport Revenue Refunding Bonds, financing the cost of eight new hangars and financing a new fueling station.

A summary of the Airport Fund bonds payable as of June 30, 2013 is as follows:

Sheridan County Airport Revenue Bonds, Series 2005, interest at 2.6% to 5%, due in annual installments plus interest, through September 2019, redeemable to the extent of pledged airport revenues from passenger facility charges and hangar rentals (Subsequent to June 30, 2013, these bonds were paid off with the 2013 Bond Series)	\$ 650,000
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	<u>2,630,000</u>
	<u><u>\$ 3,280,000</u></u>

The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2013, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 730,000	\$ 59,185	\$ 789,185
2015	75,000	58,126	133,126
2016	100,000	57,400	157,400
2017	125,000	56,174	181,174
2018	150,000	54,470	204,470
2019-2023	800,000	234,129	1,034,129
2024-2028	1,300,000	118,645	1,418,645
	<u>\$ 3,280,000</u>	<u>\$ 638,129</u>	<u>\$ 3,918,129</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. County Debt (Continued)

Component Unit

Long-Term Debt Memorial Hospital of Sheridan County

The Hospital has capital lease obligations of \$59,517 as of June 30, 2013 and \$233,682 as of June 30, 2012. Interest is charged at an interest rate of 5.5%, secured by equipment.

The debt service requirements on Memorial Hospital of Sheridan County long-term debt as of June 30, 2013, are summarized as follows:

<u>Year ending June 30.</u>	Principal Notes and Capital Leases	Interest	Total
2014	\$ 38,450	\$ 3,450	\$ 41,900
2015	21,067	1,281	22,348
Total minimum payments	<u>\$ 59,517</u>	<u>\$ 4,731</u>	<u>\$ 64,248</u>

Note 7. Operating Leases

The County leases certain copiers and vehicles under non-cancelable operating leases. For the year ended June 30, 2013, rental expense was \$72,231.

Minimum annual payments under this lease are as follows:

2014	\$ 91,017
2015	84,419
2016	64,430
2017	29,252
	<u>\$ 269,118</u>

The Memorial Hospital of Sheridan County leases various equipment and facilities under operating leases at various dates. The total building and equipment rent expense for the year ended June 30, 2013 was \$782,629. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2013, with initial or remaining lease terms in excess of one year are not considered material.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 8. Defined Benefit and Contribution Pension Plans

Defined Benefit Plan

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

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan, all of which is paid by the County and 17.2% of covered law enforcement members' salaries, of which 3.73% is paid by the law enforcement member. The County's contributions to the System for law enforcement members and all other employees for the years ended June 30, 2013, 2012 and 2011 were approximately \$896,000, \$882,000, and \$862,000, respectively, equal to the required contributions for each year. For the year ended June 30, 2013 the law enforcement employees paid approximately \$66,200 which is included in the total County contribution noted above.

Effective September 1, 2013, the employee contribution will increase by 0.50% from 7.00% to 7.50%. In September 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The County will have the option to pay or not pay the additional employee contribution.

The component units, excluding Memorial Hospital of Sheridan County, contributed to the System for the years ended June 30, 2013, 2012 and 2011 approximately \$148,000, \$142,000, and \$143,000, respectively, equal to the required contributions for each year for regular employees.

Pension

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

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

Pension expense for the years ended June 30, 2013, 2012, and 2011 was \$1,751,988, \$1,396,238, and \$1,216,559, respectively. The expense is determined on an accrual basis and is in accordance with Government Accounting Statement No. 27, *Accounting for Pensions by State and Local Government Employees*.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 9. 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 plans are fully funded by the County. The deferred compensation and accumulated earnings thereon is not available to employees until termination, retirement, death, or unforeseeable emergency.

Note 10. The Memorial Hospital of Sheridan County Foundation

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

The Hospital Foundation expended \$2,865,725 in support of the Memorial Hospital of Sheridan County.

Note 11. Fund Equity

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

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

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

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.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 11. Fund Equity (Continued)

At June 30, 2013, the County had the following assignments of fund balance:

Business incubator	\$ 21,292
Courthouse remodel	1,000,000
Detention center	500,000
Detention center/rural	110,000
Economic development	135,000
Emergency maintenance reserve	25,000
Emergency reserve	480,000
Equipment	100,000
General fund cash reserve	3,255,000
General fund insurance reserve	100,000
Health insurance reserve	300,000
Information and technology	250,000
Conservation reserve	15,000
Law enforcement and emergency services	350,000
Road and bridge	200,000
	<hr/>
	<u>\$ 6,841,292</u>

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

Note 12. Commitments and Contingencies

As of June 30, 2013, the County and the Airport had approximately \$834,000 and \$254,663, respectively, in outstanding contract commitments relating to various projects. In addition, the County had a contract to purchase 48,000 tons of gravel at \$9 per ton through December 2014. The County purchased 24,000 tons of gravel in 2012 and none as of June 30, 2013.

The County pays royalties to landowners for rights to mine gravel under a permit filed with the Department of Environmental Quality. At June 30, 2013, 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, 2013, the County's estimated liability for the reclamation of the active gravel pits is \$97,000. The estimated liabilities were included with noncurrent liabilities in the Statement of Net Position.

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 12. Commitments and Contingencies (Continued)

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

The Memorial Hospital of Sheridan County has entered into incentive agreements with three physicians. The agreements allow the physicians to request an income subsidy, based on their individual contracts, during months a net guaranteed practice income has not occurred. Income guarantees are repaid with future profits. Unpaid income subsidies at the end of the three-year agreements are payable to the Memorial Hospital of Sheridan County. The Memorial Hospital of Sheridan County has recorded a receivable from physicians of approximately \$281,000 as of June 30, 2013.

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 totaled \$93,235 and \$65,821, 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 2013 and 2012 were approximately \$137,000 and \$109,000, respectively.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 13. Risk Management (Continued)

Wyoming Statute § 27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2013 and 2012 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2013	2012
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	32,156	60,826
Claims paid	(32,156)	(60,826)
Unpaid claims, end of year	\$ -	\$ -

The County also provides its' employees health care benefits for the primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$60,000 per year. The aggregate stop-loss limit is \$1,000,000. Premiums paid for stop-loss insurance were approximately \$339,000. 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, 2013 and 2012 are as follows:

	2013	2012
Health care risk management liability, beginning of year	\$ 303,313	\$ 168,958
Claims incurred	1,394,330	1,717,712
Claims paid	(1,471,768)	(1,583,357)
Health care risk management liability, end of year	\$ 225,875	\$ 303,313

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, 2013.

The Memorial Hospital of Sheridan County is insured for malpractice claims up to \$1,000,000 per claim with a \$3,000,000 aggregate under a commercial claims-made policy. There is additional umbrella coverage above this limit up to \$5,000,000. The Memorial Hospital of Sheridan County management does not believe there are any known claims as of June 30, 2013, for which the Hospital could ultimately be responsible if it did not renew its commercial claims-made policy.

Note 14. Transactions with Related Parties and with Component Units

The Memorial Hospital of Sheridan County holds securities with a financial institution where a related party has a significant controlling interest. The Memorial Hospital of Sheridan County's assets at the financial institution were \$16,370,368 for June 30, 2013.

During the fiscal year ended June 30, 2013, the County provided \$450,000 and \$1,255,000 in support to the Sheridan County Fair and Sheridan County Public Library, respectively.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 2013, the retirees contributed by premiums \$34,961 to the plan. No additional monies were contributed by the County to prefund benefits. The County has funded any annual claims in excess of related premiums.

Annual OPEB Cost

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 15. Other Postemployment Benefits (Continued)

Annual OPEB Cost (Continued)

Annual required contribution	\$ 164,318
Interest on prior year Net OPEB obligation	29,716
Adjustment to ARC	(31,962)
Annual OPEB cost (expense)	162,072
Contributions made	137,510
Increase in net OPEB obligation	24,562
Net OPEB obligation, beginning of year	669,290
Net OPEB obligation, end of year	\$ 693,852

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 199,133	34.2%	\$ 515,843
June 30, 2012	\$ 199,641	23.1%	\$ 669,290
June 30, 2013	\$ 162,072	84.8%	\$ 693,852

Funded Status and Funding Progress

As of June 30, 2013, the plan was not funded. The actuarial accrued liability for benefits was \$693,852 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$1,329,616. The covered payroll (annual payroll of active employees covered by the plan) was \$4,884,445, and the ratio of the UAAL to the covered payroll was 27 percent.

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 15. Other Postemployment Benefits (Continued)

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, 2013 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4.44 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, downgrading to 5% over a 6 year period. The UAAL is being amortized as a level percentage of projected payroll of the active members, both present and future, over a 30-year period from the valuation date; this is commonly referred to as a "rolling 30 year amortization method".

Note 16. Prior Period Adjustment

In the year ended June 30, 2013, the County adopted the provisions contained in the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These provisions change the accepted accounting for costs of issuance among other items. Costs of issuance associated with a bond offering were deferred in the past and amortized over the life of the bonds. The new provisions require the costs to be expensed when incurred. In the year of implementation, all financial information presented was restated to the new required presentation. Implementing GASB Statement No. 65 resulted in the following changes to information previously reported:

	June 30, 2012
Net position, beginning of year - as previously reported	\$ 18,841,203
Prior period adjustment	(19,389)
Net position, beginning of year - as restated	<u>\$ 18,821,814</u>
Costs of issuance and other related costs - as previously reported	\$ 19,389
Prior period adjustment	(19,389)
Costs of issuance and other related costs - as restated	<u>\$ -</u>

Note 17. Subsequent Events

Subsequent to June 30, 2013, the County approved \$94,195 in contracts; \$27,915 to Ayres & Associates to prepare the County's Multi-Hazard Mitigation plan, \$12,000 to TSP, Inc. for design and construction administration and \$54,280 to Progressive Roofing for the renovation of the Historic Courthouse roof.

In addition, subsequent of June 30, 2013, the Airport paid off its Series 2005 Bonds in the amount of \$650,000 with the proceeds from the 2013 Series Bonds.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 18. Accounting Standards Issued, But Not Implemented

As of June 30, 2013, the Governmental Accounting Standards Board has issued the following standards which Sheridan County may implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement establishes standards for measuring the recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions are also addressed. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This standard applies to financial statements for periods beginning after June 15, 2014. Management has not finished assessing the effect of implementing this standard.

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REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach

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

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

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

2013 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	72%	-	0%
Sub-standard	9.60	36%	120	28%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>
2012 Condition Rating	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	294	69%	-	0%
Sub-standard	9.60	36%	131	31%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>
2011 Condition Rating	Miles	Percent	Miles	Percent	Miles	Percent
Standard	13.95	50%	280	66%	-	0%
Sub-standard	13.95	50%	145	34%	-	0%
Unimproved	-	0%	-	0%	76	0%
	<u>27.90</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>0%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach (Continued)

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

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

Condition Rating	2013	
	Bridges	Percent
Acceptable (80 to 100 points)	26	65.00%
Borderline (50 to 80 points)	5	12.50%
Deficient (less than 50 points)	9	22.50%
	<u>40</u>	<u>100.00%</u>

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

Condition Rating	2011	
	Bridges	Percent
Acceptable (80 to 100 points)	28	68.30%
Borderline (50 to 80 points)	3	7.30%
Deficient (less than 50 points)	10	24.40%
	<u>41</u>	<u>100.00%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
JUNE 30, 2013

Infrastructure Assets Reported Using the Modified Approach (Continued)

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

	Roads			Bridges		
	Estimated	Actual	Variance	Estimated	Actual	Variance
Maintenance and preservation expenditures (budgetary basis)						
2008	n/a	n/a	n/a	n/a	n/a	n/a
2009	\$ 6,628,103	\$ 3,649,874	\$ 2,978,229	\$ 1,624,347	\$ 300,157	\$ 1,324,190
2010	6,824,474	3,182,730	3,641,744	1,149,874	918,066	231,808
2011	6,707,719	5,966,094	741,625	-	-	-
2012	3,548,314	3,596,470	(48,156)	-	-	-
2013	3,642,696	3,591,378	51,318	161,000	78,817	82,183

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

SCHEDULE OF FUNDING PROGRESS FOR
POSTEMPLOYMENT HEALTHCARE PLAN
Year Ended June 30, 2013

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, 2008	n/a	n/a	n/a	n/a	n/a	n/a
June 30, 2009	\$ -	\$ 1,244,801	\$ 1,244,801	0%	\$ 7,572,631	16.4%
June 30, 2010	\$ -	\$ 1,244,801	\$ 1,244,801	0%	\$ 7,572,631	16.4%
June 30, 2011	\$ -	\$ 1,396,173	\$ 1,396,173	0%	\$ 6,118,681	22.8%
June 30, 2012	\$ -	\$ 1,396,173	\$ 1,396,173	0%	\$ 6,118,681	22.8%
June 30, 2013	\$ -	\$ 1,329,616	\$ 1,329,616	0%	\$ 4,884,445	27.2%

Note: The actuarial calculations are prepared every other year; thus, amounts in 2010 and 2012 are the same as in the previous year.

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

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

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2013

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Taxes	\$ 11,812,000	\$ 11,812,000	\$ 11,930,974	\$ 118,974
Licenses and permits	218,200	218,200	204,330	(13,870)
Charges for services	1,290,100	1,290,100	1,394,114	104,014
Miscellaneous	392,500	392,500	337,742	(54,758)
One cent optional tax	1,830,000	1,830,000	1,757,454	(72,546)
Enhanced emergency 911 tax	279,000	279,000	282,342	3,342
Grant revenue	1,497,323	3,279,913	1,741,471	(1,538,442)
Grant revenue, pass-through	259,969	259,969	238,218	(21,751)
WIC	30,950	30,950	16,563	(14,387)
Rents, royalties, interest and fines	133,900	133,900	120,213	(13,687)
Total revenues	17,743,942	19,526,532	18,023,421	(1,503,111)
Expenditures				
County commissioners	411,759	416,759	416,533	226
County clerk	513,028	513,028	510,438	2,590
Elections	189,656	189,656	162,414	27,242
Administration	317,711	317,711	316,465	1,246
County treasurer	398,904	398,904	392,705	6,199
County assessor	623,883	623,883	616,858	7,025
County attorney	1,378,456	1,364,706	1,167,448	197,258
Circuit court	4,000	4,000	3,538	462
County coroner	72,120	78,120	77,875	245
Clerk of district court	470,917	484,917	484,342	575
Building and maintenance	365,780	365,780	350,569	15,211
Information technology	566,735	566,735	478,028	88,707
Fixed costs	2,606,425	2,520,175	2,519,379	796
One cent optional	1,830,000	1,655,000	1,614,745	40,255
General government	9,749,374	9,499,374	9,111,337	388,037
County sheriff	2,188,450	2,188,450	2,087,127	101,323
Detention center	2,581,703	2,581,703	2,517,794	63,909
E911	336,680	336,680	328,892	7,788
Emergency management	51,609	51,609	49,162	2,447
Public safety	5,158,442	5,158,442	4,982,975	175,467

(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, 2013

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
Public works	\$ 988,015	\$ 988,015	\$ 954,102	\$ 33,913
Road and bridge	1,170,046	1,170,046	1,087,157	82,889
Public works	2,158,061	2,158,061	2,041,259	116,802
WIC	30,950	30,950	27,813	3,137
Community health	534,708	539,708	539,021	687
Health, welfare and recreation	565,658	570,658	566,834	3,824
County extention	149,672	149,672	143,592	6,080
Conservation of natural resources	149,672	149,672	143,592	6,080
Capital funding	390,000	635,000	634,479	521
Capital outlay	390,000	635,000	634,479	521
Grants	108,839	1,485,080	881,289	603,791
Pass through grants	259,969	259,969	238,218	21,751
Grants	368,808	1,745,049	1,119,507	625,542
Total expenditures	18,540,015	19,916,256	18,599,983	1,316,273
Excess (deficiency) of revenues over expenditures	(796,073)	(389,724)	(576,562)	186,838
Other financing sources (uses)				
Proceeds from sale	-	-	48,061	(48,061)
Transfers, net	-	-	(500,169)	500,169
Total other financing sources (uses)	-	-	(452,108)	452,108
Net change in fund balance	(796,073)	(389,724)	(1,028,670)	\$ (186,838)
Fund balance, beginning of year	9,383,477	9,383,477	9,383,477	
Fund balance, end of year	\$ 8,587,404	\$ 8,993,753	\$ 8,354,807	

See accompanying note to required supplementary information

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, 2013

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,538,817	\$ (61,183)
Intergovernmental	-	-	4,400	4,400
Investment income	-	-	868	868
	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,544,085</u>	<u>(55,915)</u>
Expenditures				
Capital outlay	3,553,696	3,803,696	3,665,195	138,501
Total expenditures	<u>3,553,696</u>	<u>3,803,696</u>	<u>3,665,195</u>	<u>138,501</u>
Excess (deficiency) of revenues over expenditures	(1,953,696)	(2,203,696)	(2,121,110)	82,586
Other financing sources				
Transfers in	-	-	1,655,851	1,655,851
Total other financing uses	<u>-</u>	<u>-</u>	<u>1,655,851</u>	<u>1,655,851</u>
Net change in fund balance	(1,953,696)	(2,203,696)	(465,259)	<u>\$ (1,573,265)</u>
Fund balance, beginning of year	483,122	483,122	483,122	
Fund balance, end of year	<u>\$ (1,470,574)</u>	<u>\$ (1,720,574)</u>	<u>\$ 17,863</u>	

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

Note 1. Basis of Budgeting

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 12,931,066	\$ (35,963)	\$ (964,129)	\$ 11,930,974
Licenses and permits	202,954	1,069	307	204,330
Intergovernmental	3,756,160	32,582	(3,788,742)	-
Charges for services	801,020	2,171	590,923	1,394,114
Investment income	42,284	6,169	(48,453)	-
Miscellaneous	108,856	6,004	222,882	337,742
One cent optional tax	-	-	1,757,454	1,757,454
Enhanced emergency 911 tax	-	-	282,342	282,342
Grant revenue	-	-	1,741,471	1,741,471
Grant revenue, pass-through	-	-	238,218	238,218
WIC	-	-	16,563	16,563
Rents, royalties, interest and fines	-	-	120,213	120,213
	<u>\$ 17,842,340</u>	<u>\$ 12,032</u>	<u>\$ 169,049</u>	<u>\$ 18,023,421</u>
Expenditures				
General government	\$ 8,068,561	\$ 952,671	\$ 90,105	\$ 9,111,337
Public safety	4,665,369	216,989	100,617	4,982,975
Public works	1,943,796	96,249	1,214	2,041,259
Health, welfare and recreation	1,158,434	(202,610)	(388,990)	566,834
Conservation of natural resources	143,759	(167)	-	143,592
Debt service: Principal	332,913	(332,913)	-	-
Interest	98,552	(98,552)	-	-
Capital outlay	1,393,147	163,784	(922,452)	634,479
Grants	-	-	1,119,507	1,119,507
	<u>\$ 17,804,531</u>	<u>\$ 795,451</u>	<u>\$ 1</u>	<u>\$ 18,599,983</u>

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

Note 1. Basis of Budgeting (Continued)

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

	<u>GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Presentation Differences</u>	<u>Non-GAAP Budgetary Basis</u>
Revenues				
Taxes	\$ 1,548,300	\$ (9,483)	\$ -	\$ 1,538,817
Intergovernmental revenues	4,400	-	-	4,400
Investment income	868	-	-	868
	<u>\$ 1,553,568</u>	<u>\$ (9,483)</u>	<u>\$ -</u>	<u>\$ 1,544,085</u>
Expenditures				
Capital outlay	\$ 3,307,609	\$ 357,586	\$ -	\$ 3,665,195
	<u>\$ 3,307,609</u>	<u>\$ 357,586</u>	<u>\$ -</u>	<u>\$ 3,665,195</u>

OTHER SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
ROAD CONSTRUCTION FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Intergovernmental	\$ 385,000	\$ 385,000	\$ 415,597	\$ 30,597
Total revenues	<u>385,000</u>	<u>385,000</u>	<u>415,597</u>	<u>30,597</u>
Expenditures:				
Capital outlay	2,000	2,000	2,000	-
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>383,000</u>	<u>383,000</u>	<u>413,597</u>	<u>30,597</u>
Other financing sources (uses)				
Transfers in	-	-	2,000	(2,000)
Transfers out	-	-	(1,157,682)	1,157,682
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,155,682)</u>	<u>1,155,682</u>
Net change in fund balance	383,000	383,000	(742,085)	<u>\$ (1,125,085)</u>
Fund balance, beginning of year	<u>1,070,279</u>	<u>1,070,279</u>	<u>1,070,279</u>	
Fund balance, ending of year	<u>\$ 1,453,279</u>	<u>\$ 1,453,279</u>	<u>\$ 328,194</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, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Tax	\$ 1,156,504	\$ 1,156,504	\$ 1,157,893	\$ 1,389
Grants	27,500	27,500	-	(27,500)
Charges for services	108,000	108,000	74,326	(33,674)
Investment income	4,000	4,000	2,621	(1,379)
Miscellaneous	25,000	25,000	53,211	28,211
Total revenues	<u>1,321,004</u>	<u>1,321,004</u>	<u>1,288,051</u>	<u>(32,953)</u>
Expenditures				
Conservation of natural resources	1,812,931	1,812,931	1,258,925	554,006
Capital outlay	129,500	129,500	39,957	89,543
Total expenditures	<u>1,942,431</u>	<u>1,942,431</u>	<u>1,298,882</u>	<u>643,549</u>
Excess (deficiency) of revenues over (under) expenses	(621,427)	(621,427)	(10,831)	<u>\$ 610,596</u>
Fund balance, beginning of year	<u>1,463,824</u>	<u>1,463,824</u>	<u>1,463,824</u>	
Fund balance, end of year	<u>\$ 842,397</u>	<u>\$ 842,397</u>	<u>\$ 1,452,993</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, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Allocation from the County	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Charges for services	42,200	42,200	62,136	19,936
Public support	11,700	11,700	12,226	526
Investment income	950	950	926	(24)
Total revenues	<u>504,850</u>	<u>504,850</u>	<u>525,288</u>	<u>20,438</u>
Expenditures				
Health, welfare and recreation	504,850	504,850	604,581	(99,731)
Total expenditures	<u>504,850</u>	<u>504,850</u>	<u>604,581</u>	<u>(99,731)</u>
Excess of revenues over expenses	-	-	(79,293)	<u>\$ (79,293)</u>
Fund balance, beginning of year	<u>468,439</u>	<u>468,439</u>	<u>468,439</u>	
Fund balance, end of year	<u>\$ 468,439</u>	<u>\$ 468,439</u>	<u>\$ 389,146</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, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Allocation from the County	\$ 1,259,000	\$ 1,259,000	\$ 1,255,000	\$ (4,000)
Grants	-	-	119,860	119,860
Contribution to the endowment	-	-	-	-
Charges for services	30,000	30,000	33,548	3,548
Fulmer Trust	50,000	50,000	50,000	-
Sheridan County Library Foundation	13,000	13,000	9,264	(3,736)
Friends of the Library	45,000	45,000	45,000	-
Investment income	500	500	282	(218)
Total revenues	<u>1,397,500</u>	<u>1,397,500</u>	<u>1,512,954</u>	<u>115,454</u>
Expenditures				
Health, welfare and recreation	<u>1,508,767</u>	<u>1,508,767</u>	<u>1,539,898</u>	<u>(31,131)</u>
Total expenditures	<u>1,508,767</u>	<u>1,508,767</u>	<u>1,539,898</u>	<u>(31,131)</u>
Excess (deficiency) of revenues over expenditures	(111,267)	(111,267)	(26,944)	<u>\$ 84,323</u>
Fund balance, beginning of year	<u>161,617</u>	<u>161,617</u>	<u>161,617</u>	
Fund balance, end of year	<u>\$ 50,350</u>	<u>\$ 50,350</u>	<u>\$ 134,673</u>	

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
 SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION
 June 30, 2013

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 134,673	\$ 163,198	\$ 297,871
Investments	-	2,496,847	2,496,847
Accounts receivable	-	5,000	5,000
Due from other governments	21,450	-	21,450
Capital assets, net of accumulated depreciation	3,735,339	-	3,735,339
Total assets	3,891,462	2,665,045	6,556,507
LIABILITIES			
Noncurrent liabilities			
Due in more than one year	45,152	-	45,152
Total current liabilities	45,152	-	45,152
NET POSITION			
Invested in capital assets, net of related debt	3,735,339	-	3,735,339
Permanently restricted by donors	21,450	1,362,138	1,383,588
Unrestricted	89,521	1,302,907	1,392,428
Total net position	\$ 3,846,310	\$ 2,665,045	\$ 6,511,355

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, 2013

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
Revenues			
Intergovernmental revenues	\$ 1,255,000	\$ -	\$ 1,255,000
Charges for services	34,660	8,800	43,460
Investment income	282	277,633	277,915
Contributions	50,000	224,190	274,190
Total revenues	<u>1,339,942</u>	<u>510,623</u>	<u>1,850,565</u>
Expenses			
Current			
Health, welfare and recreation	1,419,740	132,903	1,552,643
Capital outlay	181,220	-	181,220
Total expenditures	<u>1,600,960</u>	<u>132,903</u>	<u>1,733,863</u>
Deficiency of revenues over expenditures	<u>(261,018)</u>	<u>377,720</u>	<u>116,702</u>
Other financing sources (uses)			
Transfers out	(119,860)	(114,352)	(234,212)
Transfers in	114,352	119,860	234,212
Contributions to an endowment	86,040	42,920	128,960
	<u>80,532</u>	<u>48,428</u>	<u>128,960</u>
Net change in fund balance	(180,486)	426,148	245,662
Net position, beginning of year,	<u>4,026,796</u>	<u>2,238,897</u>	<u>6,265,693</u>
Net position, end of year	<u>\$ 3,846,310</u>	<u>\$ 2,665,045</u>	<u>\$ 6,511,355</u>

SHERIDAN COUNTY, WYOMING

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

June 30, 2013

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 3,414,207	\$ 1,328,935	\$ -	\$ 4,743,142
Investments	-	9,057,141	-	9,057,141
Current portion of assets limited as to use	502,343	-	-	502,343
Patient accounts receivable, net	7,712,514	-	-	7,712,514
Other receivables	659,839	1,494,754	-	2,154,593
Prepaid expenses and other current assets	574,848	-	-	574,848
Inventory	1,857,558	-	-	1,857,558
Assets limited as to use, less current portion	17,085,601	-	-	17,085,601
Capital assets, net of accumulated depreciation	48,704,298	-	-	48,704,298
Other assets, long-term	659,700	961,342	-	1,621,042
Total assets	<u>81,170,908</u>	<u>12,842,172</u>	<u>-</u>	<u>94,013,080</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	8,243,685	-	-	8,243,685
Due to third-party payors	3,467,524	-	-	3,467,524
Noncurrent liabilities				
Due within one year	38,450	-	-	38,450
Due in more than one year	21,067	-	-	21,067
Total current liabilities	<u>11,770,726</u>	<u>-</u>	<u>-</u>	<u>11,770,726</u>
Deferred inflows of resources				
Deferred taxes	10,852	-	-	10,852
Total deferred inflows of resources	<u>10,852</u>	<u>-</u>	<u>-</u>	<u>10,852</u>
NET POSITION				
Invested in capital assets, net of related debt	48,644,781	-	-	48,644,781
Restricted for special purpose funds	205,662	7,067,615	-	7,273,277
Permanently restricted by donors	-	903,536	-	903,536
Unrestricted	20,538,887	4,871,021	-	25,409,908
Total net position	<u>\$ 69,389,330</u>	<u>\$ 12,842,172</u>	<u>\$ -</u>	<u>\$ 82,231,502</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, 2013

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Eliminations	Total
Revenues				
Charges for services	\$ 61,791,112	\$ -	\$ -	\$ 61,791,112
Investment income	1,034,194	736,824	-	1,771,018
Other operating revenue	762,559	-	-	762,559
Total revenues	<u>63,587,865</u>	<u>736,824</u>	<u>-</u>	<u>64,324,689</u>
Expenses				
Current				
Health and welfare	68,639,331	263,099	-	68,902,430
Total expenditures	<u>68,639,331</u>	<u>263,099</u>	<u>-</u>	<u>68,902,430</u>
Excess (deficiency) of revenues over expenditures	<u>(5,051,466)</u>	<u>473,725</u>	<u>-</u>	<u>(4,577,741)</u>
Other financing sources (uses)				
Non-operating gains	297,472	-	-	297,472
Contributions	2,650,941	5,681,176	(2,868,370)	5,463,747
Net change in restricted assets	139,130	-	-	139,130
Transfers in (out)	-	(2,868,370)	2,868,370	-
	<u>3,087,543</u>	<u>2,812,806</u>	<u>-</u>	<u>5,900,349</u>
Net change in net position	(1,963,923)	3,286,531	-	1,322,608
Net position, beginning of year	71,353,253	9,555,641	-	80,908,894
Net position, end of year	<u>\$ 69,389,330</u>	<u>\$ 12,842,172</u>	<u>\$ -</u>	<u>\$ 82,231,502</u>

SINGLE AUDIT

INTERNAL CONTROL AND COMPLIANCE INFORMATION

SHERIDAN COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Project Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Health Special Supplemental Nutrition Program for Women, Infants and Children	10.557	-	\$ 16,563
Total U.S. Department of Agriculture			<u>16,563</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG - State-Administered CDBG Cluster</i>			
Passed through Wyoming Business Council Community Development Block Grants State's Program and non-entitlement grants in Hawaii	14.228	-	313,437
Total <i>CDBG - State-Administered CDBG Cluster</i>			<u>313,437</u>
Passed through Wyoming Department of Health Housing Opportunities for Persons with AIDS	14.241	-	2,175
Total U.S. Department of Housing and Urban Development			<u>315,612</u>
<u>U.S. Department of Interior</u>			
Passed through State of Wyoming, Department of State Parks and Cultural Resources, State Historic Preservation Office Outdoor Recreation Acquisition, Development and Planning	15.916	-	6,018
Total U.S. Department of Interior			<u>6,018</u>
<u>U.S. Department of Justice</u>			
Passed through Volunteers of America Northern Rockies Juvenile Justice and Delinquency Prevention Allocation to States <i>JAG Program Cluster</i>	16.540	-	15,781
Passed through Wyoming Attorney General Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States and Territories	16.803 ARRA	-	83,778
Total U.S Department of Justice			<u>99,559</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, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation			
Airport Improvement Program	20.106	AIP-3-56-0027-0041	\$ 5,627
Airport Improvement Program	20.106	AIP-3-56-0027-0042	2,230,714
Airport Improvement Program	20.106	AIP-3-56-0027-0043	537,712
Airport Improvement Program	20.106	AIP-3-56-0027-0044	10,768
Airport Improvement Program	20.106	AIP-3-56-0027-0045	10,417
Airport Improvement Program	20.106	AIP-3-56-0027-0046	13,675
			<u>2,808,913</u>
Passed through Wyoming Department of Transportation			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	CM 0.00 CM12006	300,000
Highway Planning and Construction	20.205	HPR3211	24,696
Highway Planning and Construction	20.205	CN03035	56,226
<i>Total Highway Planning and Construction Cluster</i>			<u>380,922</u>
Passed through Wyoming Department of Transportation			
Alcohol Open Container Requirements	20.607	12-154AL07	28,100
Alcohol Open Container Requirements	20.607	-	53,622
Passed through Association of Sheriffs and Police			
Alcohol Open Container Requirements	20.607	-	13,857
			<u>95,579</u>
Total U.S. Department of Transportation			<u>3,285,414</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, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Wyoming Department of Health Centers for Disease Control and Prevention Public Health Emergency Preparedness Project Grants and Cooperative agreements for Tuberculosis Control Program	93.069	-	\$ 34,783
	93.116	-	209
Passed through Wyoming Department of Family Services <i>TANF Cluster</i>			
Temporary Assistance for Needy Families	93.558	-	87
Passed through Wyoming Department of Health			
Temporary Assistance for Needy Families	93.558	-	9,887
Temporary Assistance for Needy Families	93.558	-	21,388
Total <i>TANF Cluster</i>			<u>31,362</u>
Passed through Wyoming Department of Health <i>CSBG Cluster</i>			
Community Services Block Grant	93.569	SHRD 0819	176,533
Total <i>CSBG Cluster</i>			<u>176,533</u>
Passed through Wyoming Department of Family Services <i>CCDF Cluster</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	12,277
Passed through Wyoming Department of Family Services			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	6
Recovery: Foster Care - Title IV-E	93.658	-	21
Social Services Block Grant	93.667	-	48
Passed through Wyoming Department of Health			
Grants to States for Operations of Office of Rural Health	93.913	-	1,400
HIV Care Formula Grants	93.917	-	5,232
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	-	3,938
HIV Prevention Activities Health Department Based Preventive Health Services,	93.940	-	5,856
Sexually Transmitted Diseases Control Grants	93.977	-	2,313
Total U.S. Department of Health and Human Services			<u>273,978</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, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Project Number	Federal Expenditures
<u>Office of Homeland Security</u>			
Passed through Wyoming Office of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4007-DR-WY	\$ 21,809
Emergency Management Performance Grants	97.042	10-GDP-SHE-EM-GCF11	<u>22,855</u>
Homeland Security Grant Program	97.067	10-GPD-SHE-SC-HSG10	2,024
Homeland Security Grant Program	97.067	10-GDP-SHE-LC-HLE10	1,017
Homeland Security Grant Program	97.067	10-GDP-SHE-CC-HCC10	3,923
Homeland Security Grant Program	97.067	10-GDP-SHE-IE-CGP10	9,622
Homeland Security Grant Program	97.067	11-GDP-SHE-LS-HLE11	8,093
Homeland Security Grant Program	97.067	11-GDP-SHE-LC-HLE11	6,167
Homeland Security Grant Program	97.067	11-GDP-SHE-SC-HSG11	9,875
Homeland Security Grant Program	97.067	12-GDP-SHE-LC-HSG12	856
Total Homeland Security Grant Program			<u>41,577</u>
Total Office of Homeland Security			<u>86,241</u>
			<u>\$ 4,083,385</u>

See notes to the schedule of expenditures of federal awards

SHERIDAN COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

Note 1. Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Sheridan County, Wyoming and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule does not include expenditures of federal awards by the Sheridan Memorial Hospital, a component unit for which separate financial statements and schedule of expenditures of federal awards were issued in accordance with paragraph .500(a) of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*.

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	Amount provided to subrecipients
Community Services Block Grant	93.569	\$ 176,533
		<u>\$ 176,533</u>

Note 3. Airport Improvement Grant Revenue

During the fiscal year ended June 30, 2013, the Sheridan County Airport received the following revenues from Airport Improvement Grants passed through the Wyoming Transportation Department:

AIP 3-56-0027-041	5,627
AIP 3-56-0027-042	2,380,907
AIP 3-56-0027-043	550,645
AIP 3-56-0027-044	14,540
	<u>\$ 2,951,719</u>

SHERIDAN COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

Note 4. Payment in Lieu of Taxes – CFDA 15.226

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under OMB Circular No. A-87. Consequently, the program has been excluded from the Schedule of Expenditures of Federal Awards and the determination of major programs as there is no expenditure or other requirements for the entitlement program. During the fiscal year ended June 30, 2013, the County recognized \$927,267 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, the aggregate discretely presented component units, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming (County) as of and for the year ended June 30, 2013, 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 16, 2013. Our report includes a reference to other auditors. Other auditors audited the financial statements for the Memorial Hospital of Sheridan County as described in our report on Sheridan County, Wyoming's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated December 16, 2013.

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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 16, 2013



PORTER, MUIRHEAD, CORNIA & HOWARD

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sheridan County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sheridan County, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Sheridan County, Wyoming's major Federal programs for the year ended June 30, 2013. Sheridan County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sheridan County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sheridan County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, Sheridan County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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 requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 16, 2013

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 2,808,913
14.228	Community Development Block Grants/ State's Program and non-entitlement grants in Hawaii	\$ 313,437

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

(Continued)

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

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

Internal Control Matters

None reported.

Compliance Findings

None reported

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SHERIDAN COUNTY, WYOMING

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2013

There were no audit findings for the year ended June 30, 2012.