



SHERIDAN COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2017

SHERIDAN COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2017

CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	15
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Net Position - Fiduciary Fund	27
Discretely Presented Component Unit Statements	
Combining Statement of Net Position	28
Combining Statement of Activities	30
Notes to Financial Statements	32
Required Supplementary Information (Unaudited)	74
Infrastructure Assets Reported Using the Modified Approach (Unaudited)	75
Schedule of Funding Progress For Postemployment Healthcare Plan (Unaudited)	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund (Unaudited)	79
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Capital Facilities Tax Fund (Unaudited)	81
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	82
Schedule of Pension Contributions (Unaudited)	84
Note to Required Supplementary Information	86
Other Supplementary Information	89
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Road Construction Fund	90
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	
Weed and Pest Control	91
Sheridan County Fair	92
Sheridan County Public Library	93
Combining Statement of Net Position - Sheridan County Public Library and Sheridan County Library Foundation	94
Combining Statement of Revenues, Expenses and Changes in Net Position - Sheridan County Public Library and Sheridan County Library Foundation	95
Combining Statement of Net Position - Memorial Hospital of Sheridan County and Foundation	96

CONTENTS (CONTINUED)

Other Supplementary Information (continued)

Combining Statement of Revenues, Expenses and Changes in Net Position - Memorial Hospital of Sheridan County and Foundation	97
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Single Audit, Internal Control and Compliance Information

Schedule of Expenditures of Federal Awards	98
Schedule of Expenditures of Federal Awards	99
Notes to the Schedule of Expenditures of Federal Awards	101
Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	102
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance	104
Schedule of Findings and Questioned Costs	106
Schedule of Prior Year Audit Findings	108



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sheridan County, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sheridan County, Wyoming's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Memorial Hospital of Sheridan County, which represents 89 percent, 89 percent, and 97 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Memorial Hospital of Sheridan County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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, and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis, and are not a required part of the basic financial statements of Sheridan County.

The other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 by us and other auditors. In our opinion, based on our audit, procedures performed above, and the report of the other auditors, the other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, 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 solely 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 effectiveness of the Sheridan County, Wyoming's 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, Wyoming's internal control over financial reporting.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 22, 2017

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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, 2017. The selected financial data presented was derived from the financial statements of the County, which were audited by Porter, Muirhead, Cornia & Howard, Certified Public Accountants. The Independent Auditor's Report, financial statements and accompanying notes and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

Sheridan County's total assets and deferred outflows exceeded liabilities and deferred inflows of resources, as of June 30, 2017, by \$76,012,126 (net position). Of this amount \$6,567,103 (unrestricted net position) may be used to meet ongoing obligations, and \$67,777,393 is invested in capital assets, net of related debt.

As of June 30, 2017, the County's governmental funds reported combined fund balances of \$10,490,267. Unassigned fund balance of the combined fund balance was \$2,027,569.

The fund balance for the general fund was \$9,026,906 as of June 30, 2017, with an unassigned fund balance of \$2,027,569.

The County participates in the Public Employees' Pension Plan and Law Enforcement Pension Plan, statewide cost-sharing multiple-employer public employee retirement plans administered by the State of Wyoming Retirement System. Implementation of GASB 68 and 71 in fiscal year 2015 required the County to record its proportional share of the overall plan's net unfunded liability. This resulted in reporting a net pension liability of \$6,812,885 and \$7,043,068 as of June 30, 2017 and 2016, respectively. All plan components, including major components of participation, eligibility, investment strategy, benefits structure, contribution rates and plan administration are overseen by the Wyoming Retirement System. The County has no control of the plan elements that affect the net position.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the County's basic financial statements. In general, the purpose of the financial reporting is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. These parties do not always have the same specific objectives. In order to address the needs of as many parties as reasonably possible the County's annual report, in accordance with required reporting standards, consists of five components 1) management's discussion and analysis (this section); 2) government - wide financial statements; 3) fund financial statements, 4) discretely presented component units, and 5) notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government - Wide Financial Statements

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

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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

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

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

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

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

Fund Financial Statements

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

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances. The statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. All of the County programs are included in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out in a short period of time. For example, amounts reported on the balance sheet include items such as cash and receivables collectable within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. The fund balance generally indicates the amount that can be used to finance next year's activities.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

The operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Consequently, the governmental funds statements provide a short - term view that helps determine if there are more or fewer financial resources to finance the County's programs. Because this information does not encompass the long - term focus of the government - wide statements, we provide an analysis at the bottom of the balance sheet reconciling the total fund balances to the amount of net position reported in the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles to the change in net position presented in the government - wide statement of activities.

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

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

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

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

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

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

Government – Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. The County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$76,012,126. By far the largest portion of the County's net position (89%) reflects its investment in capital assets. The vast majority of these capital assets are the County's roads, bridges and facilities. These assets are not available for future spending. The County had \$1,556,516 in outstanding debt related to its capital assets. The unrestricted net position of \$6,567,103 (9%) may be used to meet the County's ongoing obligations.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

The County's net position for the governmental activities as of June 30, 2017 was as follows:

	2017	Variance	2016
ASSETS			
Current assets	\$ 20,956,789	\$ 948,066	\$ 20,008,723
Capital assets, net of accumulated depreciation	52,440,388	97,148	52,343,240
Total assets	<u>73,397,177</u>	<u>1,045,214</u>	<u>72,351,963</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>2,046,081</u>	<u>(453,873)</u>	<u>2,499,954</u>
LIABILITIES			
Current liabilities	1,791,517	(302,354)	2,093,871
Due in more than one year	2,814,088	(61,788)	2,875,876
Net pension liability	6,294,250	(211,512)	6,505,762
Total liabilities	<u>10,899,855</u>	<u>(575,654)</u>	<u>11,475,509</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>5,756,296</u>	<u>692,406</u>	<u>5,063,890</u>
NET POSITION			
Net investments in capital			
assets	50,883,872	247,205	50,636,667
Restricted	1,667,630	(179,749)	1,847,379
Unrestricted	6,235,605	407,133	5,828,472
Total net position	<u>\$ 58,787,107</u>	<u>\$ 474,589</u>	<u>\$ 58,312,518</u>

The County's net position for the business-type activities as of June 30, 2017 was as follows:

	2017	Variance	2016
ASSETS			
Current assets	\$ 1,072,967	\$ (110,276)	\$ 1,183,243
Capital assets, net of accumulated depreciation	18,878,965	(1,288,341)	20,167,306
Total assets	<u>19,951,932</u>	<u>(1,398,617)</u>	<u>21,350,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>143,848</u>	<u>(33,649)</u>	<u>177,497</u>
LIABILITIES			
Current liabilities	196,176	30,734	165,442
Due in more than one year	2,118,872	(156,312)	2,275,184
Net pension liability	518,635	(18,671)	537,306
Total liabilities	<u>2,833,683</u>	<u>(144,249)</u>	<u>2,977,932</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>37,078</u>	<u>25,311</u>	<u>11,767</u>
NET POSITION			
Net investments in capital			
assets	16,893,521	(1,165,838)	18,059,359
Unrestricted	331,498	(147,490)	478,988
Total net position	<u>\$ 17,225,019</u>	<u>\$ (1,313,328)</u>	<u>\$ 18,538,347</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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

Revenues	2017	Percentage	2016	Percentage	Variance
General					
Taxes	\$14,413,632	70.56%	\$15,332,777	68.93%	\$ (919,145)
Payments in lieu of taxes	999,320	4.89%	1,048,365	4.71%	(49,045)
Investment income	64,390	0.32%	73,195	0.33%	(8,805)
Miscellaneous revenue	382,435	1.87%	(7,028)	-0.03%	389,463
Other grants and contributions	1,158,134	5.67%	675,330	3.04%	482,804
Program Revenues				0.00%	-
Charges for services	2,170,877	10.62%	1,450,590	6.52%	720,287
Operating grants and contributions	1,218,231	5.96%	1,640,981	7.37%	(422,750)
Capital grants contributions	20,208	0.10%	2,036,527	9.15%	(2,016,319)
Total revenues	<u>20,427,227</u>	<u>100.00%</u>	<u>22,250,737</u>	<u>100.00%</u>	<u>(1,823,510)</u>
Expenses					
General government	9,264,966	47.51%	10,039,690	52.01%	(774,724)
Public safety	4,826,645	24.74%	5,265,785	27.28%	(439,140)
Public works	1,936,254	9.93%	2,069,745	10.72%	(133,491)
Health, welfare, and recreation	1,017,348	5.22%	727,431	3.77%	289,917
Conservation of natural resources	177,939	0.91%	232,778	1.21%	(54,839)
Capital outlay	2,230,973	11.44%	911,550	4.72%	1,319,423
Interest on long-term debt	47,703	0.24%	57,584	0.30%	(9,881)
Total expenses	<u>19,501,828</u>	<u>100.00%</u>	<u>19,304,563</u>	<u>100.00%</u>	<u>197,265</u>
Excess of revenue over expenses before transfers	925,399		2,946,174		(2,020,775)
Transfers (out)	(450,810)		(494,910)		44,100
	<u>(450,810)</u>		<u>(494,910)</u>		
Changes in net position	474,589		2,451,264		<u>\$ (1,976,675)</u>
Net position, beginning of year	58,312,518		55,861,254		
Net position, end of year	<u>\$58,787,107</u>		<u>\$58,312,518</u>		

The main elements of the change in net position relate to an decrease in capital grant revenue and an increase in capital outlay expense.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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

Revenues	2017	Percentage	2016	Percentage	Variance
General					
Taxes	\$ 76,306	5.09%	\$ 43,305	2.44%	\$ 33,001
Investment income	3,818	0.25%	7,708	0.44%	(3,890)
Miscellaneous	-	0.00%	-	0.00%	-
Program Revenues					
Charges for services	511,223	34.07%	551,946	31.15%	(40,723)
Operating grants and contributions	394,569	26.30%	1,210	0.07%	393,359
Capital grants and contributions	514,672	34.30%	1,167,507	65.90%	(652,835)
Total revenues	1,500,588	100.00%	1,771,676	100.00%	(271,088)
Expenses					
County Airport	3,264,726	100.00%	2,711,231	100.00%	553,495
Total expenses	3,264,726	100.00%	2,711,231	100.00%	553,495
Deficiency of revenue over expenses before transfers	(1,764,138)		(939,555)		(824,583)
Transfer in	450,810		494,910		(44,100)
Changes in net position	(1,313,328)		(444,645)		\$ (868,683)
Net position, beginning of year	18,538,347		18,982,992		
Net position, end of year	<u>\$17,225,019</u>		<u>\$18,538,347</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, 2017, the County's governmental funds reported combined fund balances of \$10,490,267.

The General Fund is the main operating fund of the County. As of June 30, 2017, the total fund balance was \$9,026,906 while the unassigned General Fund balance was \$2,027,569.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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, 2017, the Capital Facilities Tax Fund shows a fund balance of \$400,125.

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, 2017, the County's Road Construction Fund shows a fund balance of \$1,063,236.

Revenues for governmental funds were approximately \$20.1 million for the fiscal year ended June 30, 2017. The following schedule presents revenues by source.

Revenues	2017	Percentage	2016	Percentage	Variance
Taxes	\$ 8,252,313	41.03%	\$ 8,416,620	41.50%	\$ (164,307)
Licenses and permits	247,164	1.23%	264,223	1.30%	(17,059)
Intergovernmental revenues	10,281,108	51.12%	10,397,087	51.27%	(115,979)
Charges for services	1,176,260	5.85%	1,098,894	5.42%	77,366
Investment income	58,648	0.29%	70,357	0.35%	(11,709)
Miscellaneous revenues	97,933	0.49%	33,142	0.16%	64,791
Total revenues	\$20,113,426	100.00%	\$20,280,323	100.00%	\$ (166,897)

Expenditures for governmental funds were approximately \$20.1 million for fiscal year 2017.

The following schedule presents expenditures by activities.

	2017	Percentage	2016	Percentage	Variance
Current					
General government	\$ 8,157,698	40.57%	\$ 8,594,942	43.38%	\$ (437,244)
Public safety	4,822,603	23.99%	5,098,461	25.73%	(275,858)
Public works	1,593,082	7.92%	1,395,038	7.04%	198,044
Health, welfare and recreation	994,314	4.95%	702,368	3.54%	291,946
Conservation of natural resources	171,331	0.85%	223,143	1.13%	(51,812)
Debt Service					
Principal	520,772	2.59%	367,388	1.85%	153,384
Interest	47,703	0.24%	57,584	0.29%	(9,881)
Capital outlay	3,798,369	18.89%	3,376,556	17.04%	421,813
Total expenditures	\$20,105,872	100.00%	\$19,815,480	100.00%	\$ 290,392

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, 2017

Capital Assets and Debt Administration

The County's capital assets for its governmental activities as of June 30, 2017 were approximately \$52.4 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 less than 1 percent.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	31,025,049	3,704,197	-	34,729,246
Construction in progress	3,207,538	1,794,187	4,369,332	632,393
Total capital assets not being depreciated	<u>35,195,904</u>	<u>5,498,384</u>	<u>4,369,332</u>	<u>36,324,956</u>
Capital assets being depreciated				
Land improvements	815,568	-	-	815,568
Buildings and building improvements	25,793,892	34,692	-	25,828,584
Equipment	5,486,295	365,513	305,696	5,546,112
Furnishings, computer equipment and software	3,026,009	20,103	34,983	3,011,129
Vehicles	1,271,122	62,903	-	1,334,025
Total capital assets being depreciated	<u>36,392,886</u>	<u>483,211</u>	<u>340,679</u>	<u>36,535,418</u>
Less accumulated depreciation for				
Land improvements	496,042	57,488	-	553,530
Buildings and building improvements	10,424,381	811,573	-	11,235,954
Equipment	4,737,453	411,633	305,696	4,843,390
Furnishings, computer equipment and software	2,675,832	93,314	18,651	2,750,495
Vehicles	911,842	124,775	-	1,036,617
Total accumulated depreciation	<u>19,245,550</u>	<u>1,498,783</u>	<u>324,347</u>	<u>20,419,986</u>
Total capital assets, being depreciated, net	<u>17,147,336</u>	<u>(1,015,572)</u>	<u>16,332</u>	<u>16,115,432</u>
Governmental activities, capital assets, net	<u>\$ 52,343,240</u>	<u>\$ 4,482,812</u>	<u>\$ 4,385,664</u>	<u>\$ 52,440,388</u>

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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

- Detention Center Interior Upgrades
- County Road Projects
- Construction in progress as of the end of the current fiscal year was \$656,465 for Sheridan County. This amount included approximately \$632,393 in costs related to the County road and bridges, and \$24,072 in airport related projects.

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:

2017 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	320	75%	-	0%
Sub-standard	9.60	36%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>26.60</u>	<u>100%</u>	<u>440</u>	<u>100%</u>	<u>74</u>	<u>100%</u>

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

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,125,806	\$ -	\$ -	\$ 1,125,806
Construction in progress	1,762,117	508,227	2,246,272	24,072
Total capital assets not being depreciated	<u>2,887,923</u>	<u>508,227</u>	<u>2,246,272</u>	<u>1,149,878</u>
Capital assets being depreciated				
Buildings, building improvements and runways	42,759,093	1,910,094	-	44,669,187
Equipment	2,235,487	382,642	-	2,618,129
Total capital assets being depreciated	<u>44,994,580</u>	<u>2,292,736</u>	<u>-</u>	<u>47,287,316</u>
Less accumulated depreciation for:				
Buildings, building improvements and runways	26,535,810	1,688,136	-	28,223,946
Equipment	1,179,387	154,896	-	1,334,283
Total accumulated depreciation	<u>27,715,197</u>	<u>1,843,032</u>	<u>-</u>	<u>29,558,229</u>
Total capital assets, being depreciated, net	<u>17,279,383</u>	<u>449,704</u>	<u>-</u>	<u>17,729,087</u>
Capital assets, net	<u>\$ 20,167,306</u>	<u>\$ 957,931</u>	<u>\$ 2,246,272</u>	<u>\$ 18,878,965</u>

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

Budget information

The Board of County Commissioners developed the FY17 Budget with the following assumptions: there would be an expectation of FY17 PILT and SRS funding; state and local revenues would be in decline; some employee benefit costs would increase; employee wage compensation would not increase; staff levels would remain the same as FY 16; no carryover cash or reserves would be utilized to balance the budget; and County services would continue to be provided at a high level of quality. The board approved one amendment to the fiscal year budget that included transfers in the general fund that include; grant department, county treasurer's office, county attorney's office, county clerk of district court, fixed cost departments, capital improvement department, 1% optional tax department, E-911 department and reserves. The capital facilities tax road fund and the county road fund were also amended. Adjustments were made in operating expenses in the general fund to appropriate \$1,378,492 in unanticipated grant expenses, and \$1,397,736 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$1,000 for the county treasurer, \$7,000 for the county attorney, \$16,000 for the clerk of district court, \$31,000 for the fixed cost department, \$472,000 for the capital improvement department. A transfer of \$170,000 from the detention center was made to offset other unanticipated expenses in the general fund. Reserves were reduced \$605,000 to correct balances. Adjustments were made in the 1% optional tax budget to appropriate \$114,680 in expenses and \$115,380 in revenue. Adjustments were made in the E-911 department to appropriate \$25,000 in expenses and \$15,000 in revenue. Adjustments were made in the capital facilities tax fund to appropriate \$505,000 in expenses and \$535,000 in revenue and adjustments were made in the county road fund to appropriate \$621,350 in expenses.

SHERIDAN COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2017

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 \$1,013,268 from a note payable and \$2,250,000 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 \$239,125 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. As of June 30, 2017 the amount owed to the state had been paid in full. During 2017, the Sheridan County entered into a new capital lease obligation of \$278,508. As of June 30, 2017, Sheridan County had outstanding capital leases of \$304,123 which represent the remaining amounts due on various equipment purchases. The County also has long-term debt related to the incurred but not reported health claims, reclamation liabilities, OPEB, and amounts due to employees for accrued compensated absences.

In the fiscal year 2015 the County implemented GASB 68 and 71 and recorded its proportional share of the State of Wyoming Retirement System plan's net position, the statewide cost-sharing multiple-employer public employee retirement plan. This resulted in recording a net pension liability of \$6,812,885 and \$7,043,068 as of June 30, 2017 and 2016, respectively.

Conclusion

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

BASIC FINANCIAL STATEMENTS

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Cash and cash equivalents	\$ 12,422,607	\$ 307,124	\$ 12,729,731	\$ 6,328,637
Restricted cash for bond payments	-	83,889	83,889	-
Investments	240,444	376,758	617,202	5,224,976
Taxes receivable	5,456,824	-	5,456,824	188,034
Accounts receivable, net	249,238	14,356	263,594	11,619,042
Other receivables	-	-	-	225,192
Due from other governments	2,498,533	26,284	2,524,817	-
Due from primary government	-	-	-	16,923
Prepaid expenses and other current assets	-	-	-	714,998
Inventory	89,143	-	89,143	2,464,374
Investments, long-term	-	-	-	16,251,516
Restricted investments, long-term	-	264,556	264,556	8,593,572
Capital assets not being depreciated	36,324,956	1,149,878	37,474,834	13,057,143
Capital assets being depreciated, net of accumulated depreciation	16,115,432	17,729,087	33,844,519	42,429,764
Other assets, long-term	-	-	-	2,330,028
Total assets	73,397,177	19,951,932	93,349,109	109,444,199
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	2,046,081	143,848	2,189,929	348,260
Total deferred outflows of resources	2,046,081	143,848	2,189,929	348,260
LIABILITIES				
Accounts payable and other liabilities	493,409	46,176	539,585	9,533,004
Due to other governments	804,426	-	804,426	-
Due to third party payors	-	-	-	263,000
Unearned revenue	-	-	-	36,625
Noncurrent liabilities				
Due within one year	493,682	150,000	643,682	29,900
Due in more than one year	2,814,088	2,118,872	4,932,960	775,348
Net pension liability	6,294,250	518,635	6,812,885	1,352,632
Total liabilities	10,899,855	2,833,683	13,733,538	11,990,509
DEFERRED INFLOWS OF RESOURCES				
Pension items	418,611	37,078	455,689	92,642
Deferred taxes	5,337,685	-	5,337,685	-
Total deferred inflows of resources	5,756,296	37,078	5,793,374	92,642
NET POSITION				
Net investment in capital assets	50,883,872	16,893,521	67,777,393	54,747,545
Restricted by				
Voters	310,982	-	310,982	-
State statutes	1,356,648	-	1,356,648	-
Donors	-	-	-	7,391,955
Restricted nonexpendable	-	-	-	2,596,899
Unrestricted	6,235,605	331,498	6,567,103	32,972,909
Total net position	\$ 58,787,107	\$ 17,225,019	\$ 76,012,126	\$ 97,709,308

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary government				
Governmental activities				
General government	\$ 9,264,966	\$ 1,050,704	\$ 251,208	\$ 147
Public safety	4,826,645	153,226	557,385	-
Public works	1,936,254	921,470	-	-
Health, welfare, and recreation	1,017,348	45,477	370,202	20,061
Conservation of natural resources	177,939	-	39,436	-
Capital outlay	2,230,973	-	-	-
Interest on long-term debt	47,703	-	-	-
Total governmental activities	19,501,828	2,170,877	1,218,231	20,208
Business-type activities				
Airport	3,264,726	511,223	394,569	514,672
Total primary government	\$ 22,766,554	\$ 2,682,100	1,612,800	534,880
Component units	\$100,728,808	\$ 94,312,103	2,046,649	\$ 1,396,140
		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		
		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	
\$ (7,962,907)	\$ -	\$ (7,962,907)	\$ -
(4,116,034)	-	(4,116,034)	-
(1,014,784)	-	(1,014,784)	-
(581,608)	-	(581,608)	-
(138,503)	-	(138,503)	-
(2,230,973)	-	(2,230,973)	-
(47,703)	-	(47,703)	-
<u>(16,092,512)</u>	<u>-</u>	<u>(16,092,512)</u>	<u>-</u>
-	(1,844,262)	(1,844,262)	-
<u>(16,092,512)</u>	<u>(1,844,262)</u>	<u>(17,936,774)</u>	<u>-</u>
-	-	-	(2,973,916)
4,479,426	-	4,479,426	1,016,565
4,321,418	-	4,321,418	-
5,612,788	76,306	5,689,094	-
1,158,134	-	1,158,134	-
999,320	-	999,320	-
64,390	3,818	68,208	1,252,721
-	-	-	139,712
382,435	-	382,435	529,571
<u>(450,810)</u>	<u>450,810</u>	<u>-</u>	<u>-</u>
<u>16,567,101</u>	<u>530,934</u>	<u>17,098,035</u>	<u>2,938,569</u>
474,589	(1,313,328)	(838,739)	(35,347)
<u>58,312,518</u>	<u>18,538,347</u>	<u>76,850,865</u>	<u>97,744,655</u>
<u>\$ 58,787,107</u>	<u>\$ 17,225,019</u>	<u>\$ 76,012,126</u>	<u>\$ 97,709,308</u>

SHERIDAN COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 9,031,775	\$ 1,459	\$ 1,022,888	\$ 10,056,122
Investments	240,444	-	-	240,444
Taxes receivable	5,456,824	-	-	5,456,824
Accounts receivable	235,103	-	-	235,103
Due from other governments	1,194,926	1,263,259	40,348	2,498,533
Due from other funds	288,578	-	-	288,578
Inventory	-	89,143	-	89,143
Total assets	<u>\$ 16,447,650</u>	<u>\$ 1,353,861</u>	<u>\$ 1,063,236</u>	<u>\$ 18,864,747</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 372,357	\$ 77,095	\$ -	\$ 449,452
Due to other governments	804,426	-	-	804,426
Due to other funds	-	288,578	-	288,578
Refundable advances	7,666	-	-	7,666
Total liabilities	<u>1,184,449</u>	<u>365,673</u>	<u>-</u>	<u>1,550,122</u>
Deferred inflows of resources				
Deferred taxes	6,044,493	-	-	6,044,493
Deferred revenue from other governments	191,802	588,063	-	779,865
Total deferred inflows of resources	<u>6,236,295</u>	<u>588,063</u>	<u>-</u>	<u>6,824,358</u>
Fund Balances				
Nonspendable				
Inventory	-	89,143	-	89,143
Restricted				
Voters resolution	-	310,982	-	310,982
Wyoming state statutes	293,412	-	1,063,236	1,356,648
Committed				
County resolutions	360,000	-	-	360,000
Assigned				
Assigned	6,345,925	-	-	6,345,925
Unassigned				
Unassigned	2,027,569	-	-	2,027,569
Total fund balances	<u>9,026,906</u>	<u>400,125</u>	<u>1,063,236</u>	<u>10,490,267</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,447,650</u>	<u>\$ 1,353,861</u>	<u>\$ 1,063,236</u>	<u>\$ 18,864,747</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, 2017

Total fund balances - governmental funds		\$ 10,490,267
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds. This is the total capital assets reported in the government-wide statements.		52,440,388
Since the focus of governmental fund statements is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and are not included in the governmental fund balances.		
Taxes receivable	\$ 706,808	
Due from other government	779,865	
Deferred outflows of resources	2,046,081	
Deferred inflows of resources	(418,611)	3,114,143
Some liabilities exceed the amount that is due and payable in the current period and, therefore, are not fully reported in the governmental funds.		
Capital lease obligations	(304,123)	
Note payable to a bank	(1,013,268)	
State Revolving Fund loan	(239,125)	
Reclamation and royalties liability	(73,000)	
Other postemployment employee benefits liability current year	(1,218,447)	
Compensated absences in total	(355,750)	
Pension liability	(6,294,250)	(9,497,963)
An internal service fund is used by the County's management to charge cost of medical insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the the statement of net position		2,240,272
Net position of governmental activities		<u>\$ 58,787,107</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
Revenues				
Taxes	\$ 6,570,054	\$ 1,682,259	\$ -	\$ 8,252,313
Licenses and permits	247,164	-	-	247,164
Intergovernmental revenues	9,193,266	464,245	623,597	10,281,108
Charges for services	1,176,260	-	-	1,176,260
Investment income	56,477	2,171	-	58,648
Miscellaneous revenues	97,933	-	-	97,933
Total revenues	<u>17,341,154</u>	<u>2,148,675</u>	<u>623,597</u>	<u>20,113,426</u>
Expenditures				
Current				
General government	8,157,698	-	-	8,157,698
Public safety	4,822,603	-	-	4,822,603
Public works	1,593,082	-	-	1,593,082
Health, welfare and recreation	994,314	-	-	994,314
Conservation of natural resources	171,331	-	-	171,331
Debt Service				
Principal	488,543	32,229	-	520,772
Interest	47,703	-	-	47,703
Capital outlay	645,527	2,830,492	322,350	3,798,369
Total expenditures	<u>16,920,801</u>	<u>2,862,721</u>	<u>322,350</u>	<u>20,105,872</u>
Excess (deficiency) of revenues over expenditures	<u>420,353</u>	<u>(714,046)</u>	<u>301,247</u>	<u>7,554</u>
Other financing sources (uses)				
Capital lease	278,508	-	-	278,508
Proceeds from sale of assets	92,786	-	-	92,786
Transfers in	336,465	1,201,409	-	1,537,874
Transfers out	<u>(1,026,220)</u>	<u>(288,578)</u>	<u>(673,886)</u>	<u>(1,988,684)</u>
Total other financing sources (uses)	<u>(318,461)</u>	<u>912,831</u>	<u>(673,886)</u>	<u>(79,516)</u>
Net changes in fund balances	101,892	198,785	(372,639)	(71,962)
Fund balances, beginning of year	8,925,014	201,340	1,435,875	10,562,229
Fund balances, end of year	<u>\$ 9,026,906</u>	<u>\$ 400,125</u>	<u>\$ 1,063,236</u>	<u>\$ 10,490,267</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, 2017

Net change in fund balances - total governmental funds	\$	(71,962)
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	\$ 5,981,595	
Fixed asset dispositions	(16,332)	
Assets transferred from construction in progress to fixed assets and infrastructure	(4,369,332)	
Depreciation expense for the year	<u>(1,498,783)</u>	97,148
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Deferred outflows - pension contributions and differences in investment returns - prior year	(2,372,100)	
Deferred outflows and inflows - pension contributions and differences in investment returns - current year	<u>1,627,470</u>	(744,630)
The issuance of long-term debt (e.g., lease purchase obligations) provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the government-wide changes in net position. This is the net effect of these differences in the treatment of long term-debt, including compensated absences:		
Principal payments on capital lease obligations	266,023	
Principal payment on a note payable with a bank	148,419	
Principal payment on State Revolving Fund loan	14,123	
Repayment of sales tax due to incorrect distribution	92,207	
Reclamation liability retired in current year	4,500	
Amounts provided through lease financing	(278,508)	
Compensated absences - prior year	377,669	
Compensated absences - current year	(355,750)	
Liability for OPEB - prior year	1,096,174	
Liability for OPEB - current year	(1,218,447)	
Net pension liability - prior year	6,505,762	
Net pension liability - current year	<u>(6,294,250)</u>	357,922
An internal service fund is used by management to charge the costs of medical insurance to individual funds. The net income of certain activities of the internal service fund is reported with governmental activities		
		620,837
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Taxes receivable prior year	(987,644)	
Taxes receivable current year	706,808	
Due from other government - prior year	(283,755)	
Due from other government - current year	<u>779,865</u>	215,274
Change in net position of governmental activities	\$	<u><u>474,589</u></u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2017

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
ASSETS		
Cash and cash equivalents	\$ 307,124	\$ 2,366,487
Restricted cash for bond payments	83,889	-
Investments	376,758	-
Accounts receivable	14,356	14,135
Due from other governments	26,284	-
Investments restricted by bond covenants	264,556	-
Capital assets not being depreciated	1,149,878	-
Capital assets being depreciated, net of accumulated depreciation	17,729,087	-
Total assets	19,951,932	2,380,622
DEFERRED OUTFLOW OF RESOURCES		
Pension items	143,848	-
Total deferred outflow of resources	143,848	-
LIABILITIES		
Accounts payable and accrued liabilities	46,176	36,293
Incurred but not reported claims	-	104,057
Current maturity of bonds payable	150,000	-
Total current liabilities	196,176	140,350
DEFERRED INFLOW OF RESOURCES		
Pension Items	37,078	-
Total deferred inflows of resources	37,078	-
Bonds payable, net of current maturity	2,100,000	-
Compensated absences	18,872	-
Net pension liability	518,635	-
Total long-term liabilities	2,637,507	-
NET POSITION		
Net investment in capital assets	16,893,521	-
Unrestricted	331,498	2,240,272
Total net position	\$ 17,225,019	\$ 2,240,272

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2017

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Operating revenues		
Charges for services	\$ 511,223	\$ 2,015,623
Operating expenses		
Salaries and benefits	525,412	-
Operating expenses	840,628	453,103
Claims expenses	-	947,424
Depreciation	1,843,032	-
Total operating expenses	3,209,072	1,400,527
Operating income (loss)	(2,697,849)	615,096
Nonoperating revenues (expense)		
Taxes	33,573	-
Interest income	3,818	5,741
Interest expense	(55,653)	-
Grants	394,569	-
Passenger facility charges pledged as security for revenue bonds	42,732	-
Total nonoperating revenue (expenses)	419,039	5,741
Income (loss) before contributions and transfers	(2,278,810)	620,837
Capital contributions - grants	514,672	-
Transfers in	450,810	-
Changes in net position	(1,313,328)	620,837
Net position, beginning of year	18,538,347	1,619,435
Net position, end of year	\$ 17,225,019	\$ 2,240,272

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2017

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 515,335	\$ -
Payments to suppliers	(834,894)	(1,654,529)
Payments to employees	(395,158)	-
Receipts from interfund services provided	-	2,015,623
Payments for interfund services used	(96,277)	-
Net cash provided by (used in) operating activities	(810,994)	361,094
Cash Flows from Noncapital Financing Activities		
Passenger facility charges	42,732	-
Subsidy from tax revenue	33,573	-
Subsidy from state and federal grants	394,569	-
Net cash provided by noncapital financing activities	470,874	-
Cash Flows from Capital and Related Financing Activities		
State and federal capital grants	578,424	-
Transfer from general fund	450,810	-
Principal payment on bonds payable	(125,000)	-
Interest paid on bonds and note payable	(55,653)	-
Purchases of property and equipment	(554,691)	-
Net cash provided by capital and related financing activities	293,890	-
Cash Flows from Investing Activities		
Interest received	6,315	5,741
Proceeds from sale of investments	257,226	-
Net cash provided by investing activities	263,541	5,741
Net increase in cash and cash equivalents	217,311	366,835
Cash and cash equivalents, including \$84,007 of restricted cash for bond funded projects, beginning of year	173,702	1,999,652
Cash and cash equivalents, including \$83,889 of restricted cash for bond funded projects, end of year	\$ 391,013	\$ 2,366,487

(Continued)

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2017

	<u>Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)</u>	<u>Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Income (loss) from operations	\$ (2,697,849)	\$ 615,096
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities		
Depreciation and amortization	1,843,032	-
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Accounts receivable	4,112	4,430
Deferred outflows and inflows - pension plan items	58,960	-
Accounts payable and accrued liabilities	5,734	(154,884)
Incurred but not reported claims	-	(103,548)
Compensated absences	(6,312)	-
Net pension liability	(18,671)	-
Net cash provided by (used in) operating activities	<u>\$ (810,994)</u>	<u>\$ 361,094</u>
 Cash paid for interest	 \$ 56,174	 \$ -

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,568,808
Taxes receivable	25,389,496
Due from other governments	666,368
Total assets	<u>\$ 30,624,672</u>
LIABILITIES	
Due to other taxing units	30,624,672
Total liabilities	<u>\$ 30,624,672</u>

See accompanying notes to the financial statements

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2017

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
ASSETS			
Cash and cash equivalents	\$ 1,245,273	\$ 454,732	\$ 387,901
Taxes receivable	188,034	-	-
Accounts receivable, net	25,536	3,300	-
Other receivables	-	-	-
Due from primary government	16,923	-	-
Prepaid items and other current assets	-	-	-
Inventory	217,866	-	-
Investments	-	-	1,325,988
Investments, long-term	-	-	-
Investments, restricted by donors	-	-	1,601,416
Capital assets not being depreciated	-	-	868,461
Capital assets being depreciated, net of accumulated depreciation	745,863	1,951,493	2,818,724
Other assets, long-term	-	-	-
Total assets	<u>2,439,495</u>	<u>2,409,525</u>	<u>7,002,490</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	<u>62,250</u>	<u>64,657</u>	<u>221,353</u>
Total deferred inflows of resources	<u>62,250</u>	<u>64,657</u>	<u>221,353</u>
LIABILITIES			
Accounts payable and accrued liabilities	131,188	4,090	-
Due to third-party payors	-	-	-
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	18,868	8,666	38,352
Net pension liability	<u>228,250</u>	<u>254,771</u>	<u>869,611</u>
Total liabilities	<u>378,306</u>	<u>267,527</u>	<u>907,963</u>
DEFERRED INFLOWS OF RESOURCES			
Pension items	<u>27,350</u>	<u>14,640</u>	<u>50,652</u>
Total deferred inflows of resources	<u>27,350</u>	<u>14,640</u>	<u>50,652</u>
NET POSITION			
Net investment in capital assets	745,863	1,951,493	3,687,185
Restricted for operations and capital acquisitions	-	-	-
Permanently restricted by donors	-	-	1,648,239
Unrestricted	<u>1,350,226</u>	<u>240,522</u>	<u>929,804</u>
Total net position	<u>\$ 2,096,089</u>	<u>\$ 2,192,015</u>	<u>\$ 6,265,228</u>

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 4,240,731	\$ 6,328,637
-	188,034
11,590,206	11,619,042
225,192	225,192
-	16,923
714,998	714,998
2,246,508	2,464,374
3,898,988	5,224,976
16,251,516	16,251,516
6,992,156	8,593,572
12,188,682	13,057,143
36,913,684	42,429,764
2,330,028	2,330,028
<u>97,592,689</u>	<u>109,444,199</u>
-	348,260
<u>-</u>	<u>348,260</u>
9,397,726	9,533,004
263,000	263,000
36,625	36,625
29,900	29,900
709,462	775,348
-	1,352,632
<u>10,436,713</u>	<u>11,990,509</u>
-	92,642
<u>-</u>	<u>92,642</u>
48,363,004	54,747,545
7,391,955	7,391,955
948,660	2,596,899
30,452,357	32,972,909
<u>\$ 87,155,976</u>	<u>\$ 97,709,308</u>

SHERIDAN COUNTY, WYOMING

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2017

Component Units	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Weed and Pest Control District	\$ 1,113,997	\$ 232,039	\$ 60,400	\$ -
Sheridan County Fair	610,617	65,020	399,542	-
Sheridan County Public Library	1,754,970	33,367	1,441,313	-
Memorial Hospital of Sheridan County	97,249,224	93,981,677	145,394	1,396,140
	<u>\$ 100,728,808</u>	<u>\$ 94,312,103</u>	<u>\$ 2,046,649</u>	<u>\$ 1,396,140</u>

General Revenues

Property taxes

Miscellaneous

Contributions to endowment

Unrestricted investment earnings

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library	Memorial Hospital of Sheridan County	Totals
\$ (821,558)	\$ -	\$ -	\$ -	\$ (821,558)
-	(146,055)	-	-	(146,055)
-	-	(280,290)	-	(280,290)
-	-	-	(1,726,013)	(1,726,013)
<u>(821,558)</u>	<u>(146,055)</u>	<u>(280,290)</u>	<u>(1,726,013)</u>	<u>(2,973,916)</u>
1,016,565	-	-	-	1,016,565
-	-	64	529,507	529,571
-	-	139,712	-	139,712
7,262	36	286,312	959,111	1,252,721
<u>1,023,827</u>	<u>36</u>	<u>426,088</u>	<u>1,488,618</u>	<u>2,938,569</u>
202,269	(146,019)	145,798	(237,395)	(35,347)
<u>1,893,820</u>	<u>2,338,034</u>	<u>6,119,430</u>	<u>87,393,371</u>	<u>97,744,655</u>
<u>\$ 2,096,089</u>	<u>\$ 2,192,015</u>	<u>\$ 6,265,228</u>	<u>\$ 87,155,976</u>	<u>\$ 97,709,308</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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 as 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, 2017

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

Discretely Presented Component Units (Continued)

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

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

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

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

Other Entities

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Additionally, the government reports the following fund types:

The *agency funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Cash and Cash Equivalents

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

Investments and Restricted Investments

The County follows the guidelines described in Wyoming Statute 9-4-831 as it relates to the investment of public funds. Among the authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, repurchase agreements involving U.S. Government securities, and authorized government investment pools. WYO-STAR is an authorized government investment pool offered exclusively to Wyoming governmental entities by Wyoming State Treasurer's Office. The value of the County's investments in WYO-STAR equals the value of its WYO-STAR shares. Each participant's position in the WYO-STAR investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pools total fair value as of any specific date. The non-profit foundation component units of the Library and Memorial Hospital of Sheridan County have their own investment policies which allow investments in mutual funds, corporate bonds, and equities as they are not governed by Wyoming Statute 9-4-831.

The County has investments restricted by bond covenants for reserves and the Library and Memorial Hospital of Sheridan County component units have investments restricted by donors.

Interfund Balances, Receivables and Payables

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Receivables and Payables (Continued)

The Memorial Hospital of Sheridan County provides an allowance for uncollectible accounts using management's judgement. Patients are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 180 days past due are individually analyzed for collectability. Amounts for which no payments have been received are written off using management's judgement on a per account basis. In addition, an allowance is estimated for other accounts based on historical data. At June 30, 2017, the Hospital's allowance for uncollectible accounts was approximately \$6,592,000.

Inventory

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

Endowments

Restricted nonexpendable net position as of June 30, 2017 represents the principal of permanent endowments restricted in perpetuity by donors given to the foundations of the Library and Memorial Hospital of Sheridan County. Investment earnings, except for changes in fair market value, are expendable for specific purposes designated by the donors.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are recorded in the government-wide financial statements at historical cost or at estimated historical cost if the actual historical cost is not available. Infrastructure assets include roads, bridges, culverts, and signs. The County's capitalization level for buildings, improvements, equipment, vehicles, furniture and fixtures is \$5,000. The County's capitalization level for infrastructure assets is \$100,000. Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Capital Assets (Continued)

In accordance with the alternative approach to depreciating infrastructure assets permitted by GASB Statement No. 34, the County has elected to expense all infrastructure related expenditures, except for those expenditures related to additions to or significant improvement of infrastructure assets, in lieu of depreciating infrastructure assets. In order to utilize the alternative system, the County must maintain an asset management system which assesses asset condition and must maintain infrastructure assets at the condition level established by the County. Capital asset purchases are accounted for as expenditures of the general fund and road construction fund in the governmental fund financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

Impairment of Long-Lived Assets

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying value, an impairment loss would be recognized. There was no impairment recorded in 2017.

Investment in Joint Ventures

The investment in joint ventures is accounted for using the equity method of accounting. Under the equity method, the Hospital recognizes the original investment in the joint venture adjusted by the Hospital's percentage of the joint venture's profit or loss and any contributions or distributions.

Other Assets, Long-Term

The Memorial Hospital of Sheridan County reports excess consideration from acquisition of \$1,614,952 as of June 30, 2017, which represents the excess of the purchase price over the fair value of the acquired assets of the business acquisition of Sheridan Radiology. The Hospital attributes this amount to future periods over straight-line over three years and it is reported as a component of other assets, long-term. The expense for the amounts attributed to the current period for the year ended June 30, 2017 was \$538,315. Total amounts attributed to current and past periods was \$1,345,795 as of June 30, 2017.

Property Taxes

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Property Taxes (Continued)

The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2017, was 12 mills, which means the County has levied to the maximum amount available.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Pensions

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Major Taxpayers

The County's 10 largest taxpayers account for approximately 8% of the County's total assessed property valuation. Six of the 10 taxpayers are involved in mineral extraction industries. The remaining taxpayers represent utility, railway, and agriculture industries. The County received approximately 2% of its total revenues from these taxpayers.

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, 2017 was approximately \$783,675.

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

Short-term Financing

The County did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2017.

Fund Equity

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Fund Equity (Continued)

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

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

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

Resources restricted by donors for plant replacement and expansion and capital debt requirements are added to unrestricted net position to the extent expended within the period. Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent used within the period.

Budget

The County Commissioners annually adopt a budget and approve the related appropriations for the funds in accordance with provisions of the Wyoming Statutes. Budgets are legally adopted for the Primary Government, Weed and Pest Control District, Sheridan County Fair, Memorial Hospital of Sheridan County and Sheridan County Public Library. Annual appropriated budgets are prepared on a basis of estimated cash receipts and cash disbursements and accounts payable. Unexpended and unencumbered budgeted amounts and budget appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing year. The County Commissioners exercise legal spending control at the department level. Any over-expenditures or transfers of appropriations must be approved by them, as are all departmental budget amendments. Management control is exercised at budgetary line item levels. The County Commissioners and the governing Boards of the Component Units may also amend the budget after it is approved, using the same procedures necessary to approve the original budget. The budgetary data presented in the financial statements reflects the approved budget.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Charity Care

The Memorial Hospital of Sheridan County provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue. The Hospital maintains records to identify and monitor the level of charity it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and equivalent services statistics. The amount of charges forgone, based on established rates, was approximately \$3,643,000 for the year ended June 30, 2017.

Net Patient Service Revenue

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

The Memorial Hospital of Sheridan County has agreements with third-party payers that provide for reimbursement to the Memorial Hospital of Sheridan County at amounts different from its established rates. A summary of the payment arrangements with major third-party payers is as follows. For the year ended June 30, 2017, gross patient service revenue was \$179,872,504, with total adjustments in the amount of \$87,292,294, amounting to a net patient service revenue of \$92,580,210.

Medicare and Medicaid

Acute care services provided to Medicare program beneficiaries were paid at prospectively determined rates per visit. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Memorial Hospital of Sheridan County is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through June 30, 2015. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

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

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

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

Medicare and Medicaid (Continued)

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

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from estimates. The estimates of fair value of investments and of pension liabilities are specifically significant to the County. It is reasonably possible that these estimates will change within one year of the date of the financial statement due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

Collections

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

Note 2. Deposits and Investments

Primary Government

Deposits held in the County's bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County. As of June 30, 2017, the County had balances in the bank of \$14,159,122, which were fully collateralized or insured. As of June 30, 2017, the fiduciary funds had balances in the bank of \$4,532,719 which were fully collateralized or insured.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the County's deposits in excess of the Federal depository insurance limits must be collateralized. The County follows the requirements of State statutes as their policy of managing custodial credit risk on deposits.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 2. Deposits and Investments (Continued)

Component Units

As of June 30, 2017, the County's component units, except for the Memorial Hospital of Sheridan County, had balances of \$2,181,154 which were fully collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the County's component units.

Investments

As of June 30, 2017, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	More Than 10	Rating
Investments							
State Treasurer's Investment							
Pool (WYO-STAR)	\$ 616,202	0.40% - 0.42%	\$ 616,202	\$ -	\$ -	\$ -	Not rated
Certificate of deposit	1,000	0.208%	-	1,000	-	-	Not rated
	<u>\$ 617,202</u>		<u>\$ 616,202</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments - restricted							
U.S. Government sponsored enterprise mortgage backed securities							
	<u>\$ 264,556</u>	1.25%	<u>\$ 264,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	AA+

As of June 30, 2017, the Sheridan County Library and Hospital Foundations which are the component units of the Sheridan County Library and Memorial Hospital of Sheridan County, had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	More Than 10	Rating
Library Foundation							
Mutual funds	\$ 1,120,906	n/a	\$ 1,120,906	\$ -	\$ -	\$ -	Not rated
Equities	1,750,227	n/a	1,750,227	-	-	-	Not rated
Certificate of deposit	56,271	0.15%	56,271	-	-	-	Not rated
Total	<u>\$ 2,927,404</u>		<u>\$ 2,927,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Hospital							
Noncurrent cash equivalents							
	\$ 7,439,214	n/a	\$ 7,439,214	\$ -	\$ -	\$ -	Not rated
Certificates of deposit	11,004,874	0.35%-0.85%	11,004,874	-	-	-	Not rated
Corporate bonds	390,719	1.35% - 9.12%	100,166	290,553	-	-	BBB/AA-
Equities	911,152	n/a	911,152	-	-	-	Not rated
Real estate investment trusts							
	197,734	n/a	197,734	-	-	-	Not rated
Mutual funds	7,198,967	n/a	7,198,967	-	-	-	Not rated
	<u>\$ 27,142,660</u>		<u>\$ 26,852,107</u>	<u>\$ 290,553</u>	<u>\$ -</u>	<u>\$ -</u>	

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 2. Deposits and Investments (Continued)

Fair Value Measurements

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

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2017:

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

Corporate bonds: These bonds mature from 2018 through 2022 and have interest rates ranging from 1.35% to 9.125%, rates between BBB and AA- by Standard Poor's rating and between Baa3 and A1 by Moody's Investor Services.

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

Real estate investment trust: Principal global real estate securities which do not have maturity dates.

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

WYO-STAR: Valued on level 2 inputs by which each participant's position in the investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pools total fair value as of any specific date.

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SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 2. Deposits and Investments (Continued)

Fair Value Measurements

Primary government investments

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
WYO-STAR investment pool	\$ -	\$ 616,202	\$ -	\$ 616,202
U.S. government sponsored enterprise mortgage backed securities	-	264,556	-	264,556
Total investments at fair value	\$ -	\$ 880,758	\$ -	880,758
Other investments				
Certificates of deposit				1,000
Total primary government investments				\$ 881,758
Reported in these captions:				
Investments				\$ 617,202
Restricted investments long-term				264,556
				\$ 881,758

Component unit investments

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Corporate bonds	\$ -	\$ 390,719	\$ -	\$ 390,719
Equities	2,661,379	-	-	2,661,379
Mutual funds	8,319,873	-	-	8,319,873
Real estate investment trusts	197,734	-	-	197,734
Total investments at fair value	\$ 11,178,986	\$ 390,719	\$ -	11,569,705
Other investments				
Noncurrent cash equivalents				7,439,214
Certificates of deposit				11,061,145
Total component unit investments				\$ 30,070,064
Reported in these captions:				
Investments				\$ 5,224,976
Investments, long-term				16,251,516
Restricted investments long-term				8,593,572
				\$ 30,070,064

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 2. Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's investments are held in external pooled investment accounts with a focus on liquidity. The County does not have a formal interest rate risk policy, as a means of limiting its exposure to fair value losses arising from interest rates the County attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The U.S. Government agency securities and securities held in the external investment pool are not rated. WYO-STAR invests in short-term investments using Bank of America/Merrill Lynch 3 month U.S. T-Bills index. The County follows the State statutes as their credit risk policy.

Concentration of Credit Risk

The County has a formal policy that follows W.S. 9-4-831, Investment of Public Funds. The County's policy does not limit investments in any one issuer or to a specified percentage of the County's total investments. At June 30, 2017, the County had 70% of its investments in WYOSTAR, the State Treasurer's Investment Pool.

The Library Foundation had 2% of their investments in Certificates of Deposit, 60% of their investments in equities, and 38% of their investments in mutual funds, respectively. The Library Foundation's investment policy limits investments to 20-40% in fixed income, 60-80% in equities, and 1-10% in cash. As of June 30, 2017, the Library Foundation had 98% of its investments in equities which is in violation of its investment policy.

The Memorial Hospital of Sheridan County Foundation's investment policy places limits on the amounts that can be invested in one company. The Finance Committee of the Foundation is responsible for the formulation, documentation, and monitoring of the investment strategy consistent with the investment policy. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in values of the investments will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the financial statements. The Memorial Hospital of Sheridan County had 63% of their investments in certificates of deposits and the remaining balance in noncurrent cash and cash equivalents.

Investments in mutual and corporate bond funds and equities are held by the Sheridan County Library and Memorial Hospital Foundations, which are not subject to the state statutes restricting investments.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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. Accounts Receivable, Component Units

The accounts receivable balance of the component units, including net patient receivables of Memorial Hospital of Sheridan County as of June 30, 2017, is comprised of the following:

Receivable from patients and their insurance carriers	\$ 17,498,682
Receivable from medicare	9,034,029
Receivable from medicaid	1,328,495
Gross patient receivable	<u>27,861,206</u>
Less allowance for contractual adjustments	(9,679,000)
Less allowance for uncollectible accounts	<u>(6,592,000)</u>
Patient receivables, net	11,590,206
Additional accounts receivable	28,836
Total accounts receivable, component units	<u><u>\$ 11,619,042</u></u>

Note 4. Interfund Balances

Interfund and intra-entity receivables and payables at June 30, 2017 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 288,578	\$ -
Capital Facilities Tax Fund	-	288,578
	<u><u>\$ 288,578</u></u>	<u><u>\$ 288,578</u></u>

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 4. Interfund Balances (Continued)

	Transfers In	Transfers Out
General Fund	\$ 336,465	\$ 1,026,220
Capital Facilities Tax Fund	1,201,409	288,578
Road Construction Fund	-	673,886
Sheridan County Airport Fund	450,810	-
	\$ 1,988,684	\$ 1,988,684

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

Note 5. Receivable From Other Government

Prior to November of 2012, Sheridan County and Johnson County were participating agencies in the Lake DeSmet Counties Coalition (“Coalition”) and were parties to the Lake DeSmet Counties Coalition Joint Agreement. In November 2012, Sheridan County and Johnson County voted to dissolve and terminate the Coalition and have entered into an agreement terminating and dissolving the Coalition. Since the agreement was contingent upon the Wyoming Game and Fish Commission entering into a lease with Johnson County, the dissolution agreement was not finalized until July 2013. As part of the dissolution agreement, Sheridan County conveyed to Johnson County all of its interest in the assets of the Coalition and Johnson County will pay Sheridan County \$500,000 in five annual installments of \$100,000 beginning in November 2013. The County recorded the receivable using the present value of the \$500,000 calculated at the County’s borrowing rate of 2.8% resulting in of \$455,851 receivable recorded at June 30, 2014. As of June 30, 2017 the County had the following principal and interest receivable:

	Principal	Interest	Total
2018	\$ 94,560	\$ 5,440	\$ 100,000
2019	97,242	2,758	100,000
	\$ 191,802	\$ 8,198	\$ 200,000

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	31,025,049	3,704,197	-	34,729,246
Construction in progress	3,207,538	1,794,187	4,369,332	632,393
Total capital assets not being depreciated	<u>35,195,904</u>	<u>5,498,384</u>	<u>4,369,332</u>	<u>36,324,956</u>
Capital assets being depreciated				
Land improvements	815,568	-	-	815,568
Buildings and building improvements	25,793,892	34,692	-	25,828,584
Equipment	5,486,295	365,513	305,696	5,546,112
Furnishings, computer equipment and software	3,026,009	20,103	34,983	3,011,129
Vehicles	1,271,122	62,903	-	1,334,025
Total capital assets being depreciated	<u>36,392,886</u>	<u>483,211</u>	<u>340,679</u>	<u>36,535,418</u>
Less accumulated depreciation for				
Land improvements	496,042	57,488	-	553,530
Buildings and building improvements	10,424,381	811,573	-	11,235,954
Equipment	4,737,453	411,633	305,696	4,843,390
Furnishings, computer equipment and software	2,675,832	93,314	18,651	2,750,495
Vehicles	911,842	124,775	-	1,036,617
Total accumulated depreciation	<u>19,245,550</u>	<u>1,498,783</u>	<u>324,347</u>	<u>20,419,986</u>
Total capital assets, being depreciated, net	<u>17,147,336</u>	<u>(1,015,572)</u>	<u>16,332</u>	<u>16,115,432</u>
Governmental activities, capital assets, net	<u>\$ 52,343,240</u>	<u>\$ 4,482,812</u>	<u>\$ 4,385,664</u>	<u>\$ 52,440,388</u>

Approximately \$1,481,161 of equipment has been acquired under capital leases. The related amortization expense on these assets in the amount of \$212,429 is included in annual depreciation expense.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Capital Assets (Continued)

Primary Government (Continued)

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

Governmental activities	
General government	\$ 982,215
Public safety	124,775
Public works	391,793
	\$ 1,498,783
Total depreciation expense - governmental activities	\$ 1,498,783

Capital asset activity for the business-type activities of Sheridan County for the year ended June 30, 2017:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,125,806	\$ -	\$ -	\$ 1,125,806
Construction in progress	1,762,117	508,227	2,246,272	24,072
Total capital assets not being depreciated	2,887,923	508,227	2,246,272	1,149,878
Capital assets being depreciated				
Buildings, building improvements and runways	42,759,093	1,910,094	-	44,669,187
Equipment	2,235,487	382,642	-	2,618,129
Total capital assets being depreciated	44,994,580	2,292,736	-	47,287,316
Less accumulated depreciation for:				
Buildings, building improvements and runways	26,535,810	1,688,136	-	28,223,946
Equipment	1,179,387	154,896	-	1,334,283
Total accumulated depreciation	27,715,197	1,843,032	-	29,558,229
Total capital assets, being depreciated, net	17,279,383	449,704	-	17,729,087
Capital assets, net	\$ 20,167,306	\$ 957,931	\$ 2,246,272	\$ 18,878,965

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Capital Assets (Continued)

Component Units

Capital asset activity for each component unit for the year ended June 30, 2017, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 857,723	\$ -	\$ -	857,723
Vehicles and equipment	326,716	27,170	32,270	321,616
Total capital assets being depreciated	<u>1,184,439</u>	<u>27,170</u>	<u>32,270</u>	<u>1,179,339</u>
Less accumulated depreciation for				
Buildings and improvements	155,001	21,890	-	176,891
Vehicles and equipment	263,949	19,604	26,968	256,585
Total accumulated depreciation	<u>418,950</u>	<u>41,494</u>	<u>26,968</u>	<u>433,476</u>
Total capital assets, being depreciated, net	<u>765,489</u>	<u>(14,324)</u>	<u>5,302</u>	<u>745,863</u>
Capital assets, net	<u>\$ 765,489</u>	<u>\$ (14,324)</u>	<u>\$ 5,302</u>	<u>\$ 745,863</u>

Capital asset activity for the Sheridan County Fair for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Land improvements	\$ 3,786,062	\$ -	\$ -	3,786,062
Buildings and building improvements	2,038,516	-	-	2,038,516
Equipment, grounds keeping	318,322	-	-	318,322
Equipment, other	18,054	-	18,054	-
Vehicles	53,250	-	-	53,250
Total capital assets being depreciated	<u>6,214,204</u>	<u>-</u>	<u>18,054</u>	<u>6,196,150</u>
Less accumulated depreciation for				
Land improvements	2,315,195	91,077	-	2,406,272
Buildings and building improvements	1,425,293	48,486	-	1,473,779
Equipment, grounds keeping	293,169	18,187	-	311,356
Equipment, other	18,054	-	18,054	-
Vehicles	49,700	3,550	-	53,250
Total accumulated depreciation	<u>4,101,411</u>	<u>161,300</u>	<u>18,054</u>	<u>4,244,657</u>
Capital assets, net	<u>\$ 2,112,793</u>	<u>\$ (161,300)</u>	<u>\$ -</u>	<u>\$ 1,951,493</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Sheridan County Public Library for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Art	\$ 177,430	\$ -	\$ -	177,430
Rare book collection	442,800	-	-	442,800
Land	248,231	-	-	248,231
Total capital assets not being depreciated	<u>868,461</u>	<u>-</u>	<u>-</u>	<u>868,461</u>
Capital assets being depreciated				
Buildings and building improvements	5,276,023	-	-	5,276,023
Furnishings and computer equipment	114,250	-	-	114,250
Equipment	15,435	26,875	-	42,310
Vehicles	48,375	-	-	48,375
Library collection	3,190,439	158,174	162,891	3,185,722
Total capital assets being depreciated	<u>8,644,522</u>	<u>185,049</u>	<u>162,891</u>	<u>8,666,680</u>
Less accumulated depreciation for				
Buildings and building improvements	2,813,209	160,875	-	2,974,084
Furnishings and computer equipment	82,400	8,729	-	91,129
Equipment	15,435	2,687	-	18,122
Vehicles	33,238	4,780	-	38,018
Library collection	2,866,898	22,596	162,891	2,726,603
Total accumulated depreciation	<u>5,811,180</u>	<u>199,667</u>	<u>162,891</u>	<u>5,847,956</u>
Total capital assets being depreciated, net	<u>2,833,342</u>	<u>(14,618)</u>	<u>-</u>	<u>2,818,724</u>
Capital assets, net	<u>\$ 3,701,803</u>	<u>\$ (14,618)</u>	<u>\$ -</u>	<u>\$ 3,687,185</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 6. Capital Assets (Continued)

Component Units (Continued)

Memorial Hospital of Sheridan County

Capital asset activity for the Memorial Hospital of Sheridan County for the year ended June 30, 2017, was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 3,692,600	\$ 1,519,198	\$ -	\$ 5,211,798
Construction in progress	6,465,487	10,614,852	10,103,455	6,976,884
Total capital assets not being depreciated	<u>10,158,087</u>	<u>12,134,050</u>	<u>10,103,455</u>	<u>12,188,682</u>
Capital assets being depreciated				
Buildings and improvements	53,848,151	8,809,591	6,825	62,650,917
Equipment	43,634,180	3,766,045	2,438,891	44,961,334
Total capital assets being depreciated	<u>97,482,331</u>	<u>12,575,636</u>	<u>2,445,716</u>	<u>107,612,251</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>66,612,822</u>	<u>6,520,821</u>	<u>2,435,076</u>	<u>70,698,567</u>
Total capital assets, being depreciated, net	<u>30,869,509</u>	<u>6,054,815</u>	<u>10,640</u>	<u>36,913,684</u>
Capital assets, net	<u>\$41,027,596</u>	<u>\$ 18,188,865</u>	<u>\$ 10,114,095</u>	<u>\$49,102,366</u>

At June 30, 2017, construction in progress is made up of the Medical Office Building construction, the Bedside Patient Monitors implementation, the Financial Package Conversion, and several other facility upgrades. The expected cost of the Medical Office Building construction is approximately \$15,300,000 and is expected to be completed in the fall of 2018. The project is being funded with internal funds as well as a \$10,000,000 debt issuance. Total interest expense capitalized during the fiscal year 2017 for the Medical Office Building project was \$5,507. The Bedside Patient Monitors implementation is expected to cost approximately \$2,200,000 and is expected to be completed by the end of the calendar year 2017. The Financial Package Conversion is expected to cost approximately \$2,200,000 and be funded with internal funds. This project is expected to be completed by June 2018.

At June 30, 2017 the cost of equipment acquired under a capital lease is \$160,397 and accumulated depreciation is \$128,317.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 7. Investment in Joint Ventures

Watt Dialysis Center, LLC (Dialysis Center)

In fiscal year 2016, the Hospital purchased a 49% interest in the Watt Dialysis Center, LLC (Dialysis Center), which started operations in October 2015. The hospital is accounting for its investment in the Dialysis Center by the equity method under which the Hospital's share of net income (loss) of the Dialysis Center is recognized as income (loss) in the Hospital's statements of revenue, expenses, and changes in net position and added to (reduced from) the investment account. Contributions to the Dialysis Center are treated as an increase in the investment and distributions received are treated as reduction of the investment. The Hospital contributed \$0 and \$277,850 to the Dialysis Center in fiscal years 2017 and 2016. There were no distributions from the Dialysis Center in fiscal years 2017 and 2016. The Dialysis Center's accounting period ends December 31. The Hospital's investment in the Dialysis Center includes account activity through June 30, 2017 and 2016.

The Hospital's investment in the Dialysis Center consists of the following at June 30:

	2017	2016
Beginning balance	\$ 127,430	\$ -
Contributions to joint venture	-	227,850
Loss on investment in joint venture	(36,575)	(100,420)
Ending balance	\$ 90,855	\$ 127,430

Sheridan Regional Health Holdings, LLC (Surgery Center)

In fiscal year 2017, the Hospital purchased a 40% interest in the Sheridan Regional Health Holding, LLC (Surgery Center), which started operations in February 2017. The Hospital is accounting for its investment in the Surgery Center by the equity method under which the Hospital's share of net income (loss) of the Surgery Center is recognized as income (loss) in the Hospital's statement of revenues, expenses, and changes in net position and added to (reduced from) the investment account. Contributions to the Surgery Center are treated as an increase in the investment and distributions received are treated as reduction of the investment. The Hospital contributed \$640,000 to the Surgery Center in fiscal year 2017. There were no distributions from the Surgery center in fiscal year 2017. The Surgery Center's accounting period ends December 31. The Hospital's investment in the Surgery Center includes activity through June 30, 2017.

The Hospital's investment in the Surgery Center consists of the following at June 30, 2017:

	2017
Beginning balance	\$ -
Contributions to joint venture	640,000
Loss on investment in joint venture	(11,733)
Ending balance	\$ 628,267

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 8. County Debt

The Wyoming Constitution (Article 16§3) limits the amount of indebtedness for any County to not more than two percent of the last general assessment. This limit was \$8,034,988 at June 30, 2017. The County had no outstanding debt subject to this limitation.

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>New Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental activities					
Capital lease obligations	\$ 291,638	\$ 278,508	\$ 266,023	\$ 304,123	\$ 178,870
Note payable to a bank	1,161,687	-	148,419	1,013,268	152,643
State Revolving Fund loan	253,248	-	14,123	239,125	14,476
Incurred but not reported claims (Note 13)	207,605	-	103,548	104,057	104,057
Reclamation liability and royalty payments (Note 12)	77,500	-	4,500	73,000	-
OPEB liability (Note 15)	1,096,174	122,273	-	1,218,447	-
Compensated absences (Note 1)	377,669	355,750	377,669	355,750	43,636
Repayment of sales tax due to incorrect distribution	92,207	-	92,207	-	-
	<u>3,557,728</u>	<u>756,531</u>	<u>1,006,489</u>	<u>3,307,770</u>	<u>493,682</u>
Net pension liability	6,505,762	-	211,512	6,294,250	-
	<u>\$10,063,490</u>	<u>\$ 756,531</u>	<u>\$ 1,218,001</u>	<u>\$ 9,602,020</u>	<u>\$ 493,682</u>
Business Activities					
Bonds payable	\$ 2,375,000	\$ -	\$ 125,000	\$ 2,250,000	\$ 150,000
Compensated absences	25,184	-	6,312	18,872	-
	<u>2,400,184</u>	<u>-</u>	<u>131,312</u>	<u>2,268,872</u>	<u>150,000</u>
Net pension liability	537,306	-	18,671	518,635	-
	<u>\$ 2,937,490</u>	<u>\$ -</u>	<u>\$ 149,983</u>	<u>\$ 2,787,507</u>	<u>\$ 150,000</u>
Component Units					
Note payable to a bank	\$ -	\$ 709,462	\$ -	\$ 709,462	\$ -
Capital leases	63,933	-	34,033	29,900	29,900
Compensated absences	74,159	-	8,273	65,886	-
	<u>138,092</u>	<u>709,462</u>	<u>42,306</u>	<u>805,248</u>	<u>29,900</u>
Net pension liability	1,394,238	-	41,606	1,352,632	-
	<u>\$ 1,532,330</u>	<u>\$ 709,462</u>	<u>\$ 83,912</u>	<u>\$ 2,157,880</u>	<u>\$ 29,900</u>

All County obligations are generally liquidated by the general fund. The reclamation liability and royalty payments are generally liquidated by the Road Construction Fund. Repayment of sales and use tax due to incorrect distribution from the state will be repaid by both the general fund and capital facilities tax fund according to the sales and use tax distribution percentages to the general fund and capital facilities tax fund.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 8. County Debt (Continued)

Primary Government

During the fiscal year ended June 30, 2010, the Wyoming State Loan and Investment Board authorized a \$500,000 loan to the County through the Drinking Water and State Revolving Fund (“DWSRF”) Loan. The County relinquished \$181,141 in unused DWSRF loan funds in May 2011 and received a loan of \$318,858 amortized over 20 years with 2.5% interest. As of June 30, 2017, the County made principal payments of \$14,123 on this loan. The debt requirement on the Drinking Water and State Revolving Fund Loan as of June 30, 2017 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 14,476	\$ 5,978	\$ 20,454
2019	14,838	5,616	20,454
2020	15,209	5,245	20,454
2021	15,589	4,865	20,454
2022	15,978	4,475	20,453
2023-2027	86,088	16,181	102,269
2028-2031	76,947	4,869	81,816
	<u>\$ 239,125</u>	<u>\$ 47,229</u>	<u>\$ 286,354</u>

Capital Leases Payable

Capital lease obligations collateralized by the assets noted as of June 30, 2017 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$56,338 including interest of 1.73%, through May 2018	\$ 55,468
Lease/Purchase obligation on heavy equipment, due in annual installments of \$94,328 including interest of 1.49%, through January 2019	184,180
Lease/Purchase obligation on heavy equipment, due in annual installments of \$33,451 including interest of 2.50%, through November 2018	<u>64,475</u>
	304,123
Less current maturities of capital lease obligations	<u>178,870</u>
	<u>\$ 125,253</u>

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 8. County Debt (Continued)

Primary Government (Continued)

Capital Leases Payable (Continued)

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2017 are as follows:

<u>Year ending June 30,</u>			
2018		\$	184,215
2019			127,760
	Total minimum lease payments		311,975
	Less: amount representing interest		7,852
	Present value of minimum lease payments	\$	304,123

Note Payable

The County has a note payable with a bank. The total original amount was \$1,560,207 payable monthly at \$14,930 including interest at 2.810% due August 2023. The loan is unsecured.

The scheduled principal and interest payments on the note payable to a bank as of June 30, 2017, are as follows:

<u>Year ending June 30,</u>	<u>Jail Loan Principal</u>	<u>Jail Loan Interest</u>	<u>Total</u>
2018	\$ 152,643	\$ 26,521	\$ 179,164
2019	156,988	22,176	179,164
2020	161,411	17,754	179,165
2021	166,052	25,128	191,180
2022	170,778	8,386	179,164
2023-2024	205,396	3,629	209,025
	\$ 1,013,268	\$ 103,594	\$ 1,116,862

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. The repayment of sales tax was completed in fiscal 2017.

Revenue Bonds - Sheridan County Airport

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 8. County Debt (Continued)

Primary Government (Continued)

A summary of the Airport Fund bonds payable as of June 30, 2017 is as follows:

Sheridan County Airport Revenue Bonds, Series 2013, interest at .5% to 3.25%, due in annual installments plus interest, through September 2027, redeemable to the extent of pledged airport revenues from passenger facility charges and hangar rentals \$ 2,250,000

The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2017, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 150,000	\$ 54,470	\$ 204,470
2019	150,000	52,438	202,438
2020	150,000	50,030	200,030
2021	150,000	47,360	197,360
2022	175,000	44,115	219,115
2023-2027	975,000	150,706	1,125,706
2028 & thereafter	500,000	8,125	508,125
	<u>\$ 2,250,000</u>	<u>\$ 407,244</u>	<u>\$ 2,657,244</u>

Component Unit

Long-Term Debt Memorial Hospital of Sheridan County

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

The scheduled maturities for the Hospital's long-term debt as of June 30, 2017 are as follows:

<u>Year ending June 30,</u>	<u>Principal Notes and Capital Leases</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 29,900	\$ 798	\$ 30,698
Total minimum payments	<u>\$ 29,900</u>	<u>\$ 798</u>	<u>\$ 30,698</u>

On November 26, 2016, the Hospital entered into an unsecured promissory note with a financial institution in the amount of \$10,000,000. The unsecured promissory note bears interest at a fixed rate of 2.20% and is being used to fund the construction of the Medical Office Building. The unsecured promissory note includes a construction draw period of two years and then converts to a 10-year term loan with payments due monthly. During fiscal year 2017, the Hospital had draws of \$709,462 related to funding of the Medical Office Building construction project.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 9. Operating Leases

The County leases certain copiers and vehicles under non-cancelable operating leases. For the year ended June 30, 2017, rental expense was \$35,195.

The Hospital leases certain facilities and equipment under long-term operating lease agreements. Total lease expense for all operating leases for the years ended June 30, 2017 and 2016 was approximately \$898,000 and \$784,000, respectively.

Minimum future lease payments for these operating leases are as follows:

<u>Year ending June 30,</u>	<u>Operating Leases</u>
2018	\$ 325,964
2019	332,538
2020	322,763
2021	324,499
2022	250,292
Thereafter	248,288
Total	<u><u>\$ 1,804,344</u></u>

Note 10. Defined Benefit Pension Plans

Pension Plans

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

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

Public Employees' Pension Plan

The County participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all County full-time employees are eligible to participate.

PEPP members are required to contribute 8.25% of their annual covered salary and the County is required to contribute 8.37% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 10% of the required contribution and the employees contribute the remaining portion, 6.62%.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

Public Employees' Pension Plan (Continued)

The County's contributions to the PEPP for the years ended June 30, 2017, 2016 and 2015 were \$409,394, \$501,103, and \$489,244 respectively and the employees' contributions were \$271,018, \$192,925, and \$200,916, respectively, equal to the required contributions for each year.

The Weed and Pest and the Library component units currently pay all of the required employee's contribution. The Fair pays 10% of the required 16.62% total contribution and the employees contribute the remaining portion, 6.62%. The County's component unit contributions to the PEPP for the years ended June 30, 2017, 2016 and 2015 were \$151,387, \$167,786, and \$157,823 respectively and the employees' contributions were \$12,624, \$8,825, and \$9,192, respectively, equal to the required contributions for each year.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before September 1, 2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2, the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of the seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

Wyoming Law Enforcement Retirement Plan

The County participates in the Wyoming Law Enforcement Pension Plan ("WLERP"), a state-wide, cost sharing, multiple-employer public employee retirement plan administered by the State of Wyoming Retirement System Board. The WLERP is a defined benefit, contributory plan covering any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police office, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

The WLERP statutorily provides retirement, disability and death benefits according to predetermined amounts primarily determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the WLERP at any time and receive refunds of participant contributions plus accumulated interest.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

Wyoming Law Enforcement Retirement Plan (Continued)

The WLERP is funded by amounts withheld from participating employees' salaries and by contributions from the County. These contributions are determined by state statutes and as of June 30, 2017, the percentages to be contributed on compensation were 8.60% for the employees and the same for the County. The County currently contributes 9.9% of the required contribution and the employees contribute the remaining portion, 7.3%.

For the years ended June 30, 2017, 2016 and 2015 the contributions to the Wyoming Law Enforcement Retirement Plan were \$292,104, \$284,805, and \$338,222, respectively. The County's portion of these contributions were \$168,130, \$197,045, and \$241,190, respectively and the employees' contributions were \$123,974, \$87,760, and \$97,032, respectively, equal to the required contributions for each year.

At June 30, 2017, the County reported a total liability of \$6,812,885 for its proportionate share of the net pension liability. The County's component units: Weed and Pest, Fair, and Library reported \$228,250, \$254,171, and \$869,611, respectively, for their proportionate share on the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At December 31, 2016, the County's liability as well as their proportion and increase from its proportion measured at December 31, 2015 was as follows for each plan in which the County participants:

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

	Pension liability at December 31, 2016	Proportion at December 31, 2016	Increase (decrease) from December 31, 2015
County			
Public Employees' Pension Plan	<u>\$ 6,008,095</u>	0.248525100%	-0.018287254%
County - Sheriff			
Law Enforcement Pension Plan	<u>\$ 804,789</u>	1.066060300%	-0.036282747%
Weed and Pest			
Public Employees' Pension Plan	<u>\$ 228,250</u>	0.009441600%	-0.001477268%
Fair			
Public Employees' Pension Plan	<u>\$ 254,171</u>	0.010538600%	-0.000535579%
Library			
Public Employees' Pension Plan	<u>\$ 869,611</u>	0.035971500%	-0.001890786%

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

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

For the year ended June 30, 2017, the County and its component units Weed and Pest, Fair, and Library recognized pension expense of \$1,620,056, \$36,402, \$50,492, and \$171,993, respectively. At June 30, 2017, the County and its component units reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources				Total Outflows	Total (Inflows)
	PEPP		WLERP			
Net difference between projected and actual earnings on pension plan investments	\$1,179,756	\$ -	\$ 399,953	\$ -	\$1,579,709	\$ -
Difference between actual and expected experience rate	-	(166,978)	11,262	(29,655)	11,262	(196,633)
Change in employer's proportion	88,184	(244,967)	-	(14,089)	88,184	(259,056)
Amortizing deferred outflows and deferred inflows	\$1,267,940	\$ (411,945)	\$ 411,215	\$ (43,744)	\$1,679,155	\$ (455,689)
Contributions subsequent to the measurement date	367,242	-	143,532	-	510,774	-
Total	<u>\$1,635,182</u>	<u>\$ (411,945)</u>	<u>\$ 554,747</u>	<u>\$ (43,744)</u>	<u>\$2,189,929</u>	<u>\$ (455,689)</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

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

The County reported \$510,774 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date; these deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Primary government		
	Deferred Outflows		
	Public Employees' Pension Plan	Wyoming Law Enforcement Retirement Plan	Plan Total
2018	\$ 464,243	\$ 146,490	\$ 610,733
2019	460,263	146,490	606,753
2020	325,768	112,309	438,077
2021	17,666	5,926	23,592
	<u>\$ 1,267,940</u>	<u>\$ 411,215</u>	<u>\$ 1,679,155</u>

Year ended June 30,	Primary government		
	Deferred Inflows		
	Public Employees' Pension Plan	Wyoming Law Enforcement Retirement Plan	Plan Total
2018	\$ 159,038	\$ 11,795	\$ 170,833
2019	155,139	11,795	166,934
2020	97,768	11,728	109,496
2021	-	8,426	8,426
	<u>\$ 411,945</u>	<u>\$ 43,744</u>	<u>\$ 455,689</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

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

The County's component units, Weed and Pest, Fair, and Library reported \$13,752, \$15,245, and \$52,449, respectively, as deferred outflows of resources related to pensions resulting from their contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows	Deferred (Inflows)
Weed and Pest		
Net difference between projected and actual earnings on pension plan investments	\$ 48,501	\$ -
Difference between actual and expected experience rate	-	(6,598)
Change in employer's proportion	-	(20,752)
Amortizing deferred outflows and deferred inflows	\$ 48,501	\$ (27,350)
Contributions subsequent to the measurement date	13,749	-
Total	\$ 62,250	\$ (27,350)
Fair		
Net difference between projected and actual earnings on pension plan investments	\$ 49,412	\$ -
Difference between actual and expected experience rate	-	(7,004)
Change in employer's proportion	-	(7,636)
Amortizing deferred outflows and deferred inflows	\$ 49,412	\$ (14,640)
Contributions subsequent to the measurement date	15,245	-
Total	\$ 64,657	\$ (14,640)
Library		
Net difference between projected and actual earnings on pension plan investments	\$ 168,904	\$ -
Difference between actual and expected experience rate	-	(23,924)
Change in employer's proportion	-	(26,728)
Amortizing deferred outflows and deferred inflows	\$ 168,904	\$ (50,652)
Contributions subsequent to the measurement date	52,449	-
Total	\$ 221,353	\$ (50,652)

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

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

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

Year ended June 30,	Component Units					
	Weed and Pest		Fair		Library	
	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)	Deferred Outflows (Inflows)
2018	\$ 17,275	\$ (10,345)	\$ 17,563	\$ (5,767)	\$ 60,034	\$ (19,890)
2019	17,275	(10,142)	17,563	(5,586)	60,034	(19,278)
2020	13,280	(6,863)	13,537	(3,287)	46,279	(11,484)
2021	671	-	749	-	2,557	-
	\$ 48,501	\$ (27,350)	\$ 49,412	\$ (14,640)	\$ 168,904	\$ (50,652)

Actuarial Assumptions

The total pension liability in the December 31, 2016 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods	
Valuation Date	1/1/2017
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	10 to 30
Asset valuation method	5-year
Actuarial assumptions:	
Investment net rate of return	7.75%
Projected salary increases (includes inflation)	4.25% to 8.00%
Assumed inflation rate	3.25%

The current actuarial assumptions and methods used in the January 1, 2017 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans' target allocation as of January 1, 2017, these best estimates are summarized in the following table:

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

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

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

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

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 8,629,630	\$ 6,008,095	\$ 3,806,255
Law Enforcement Pension Plan	1,671,166	804,789	89,334
Component Units			
Weed & Pest	327,844	228,251	144,602
Fair	365,936	254,771	161,403
Library	1,249,052	869,611	550,917

Payables to the pension plan – At June 30, 2017, the County did not have any payables to the pension plans.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 11. Fund Equity

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

At June 30, 2017, the County had the following assignments of general fund balance:

Business incubator	\$ 39,225
Courthouse remodel	1,000,000
Detention center/rural	110,000
Economic development	810,000
Emergency reserve	480,000
Equipment	125,000
General fund cash reserve	2,081,700
General fund insurance reserve	100,000
Health insurance reserve	300,000
Information and technology	250,000
Law enforcement and emergency services	850,000
Road and bridge	200,000
	<hr/>
	<u>\$ 6,345,925</u>

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

The Memorial Hospital of Sheridan County has restricted, nonexpendable net assets of \$948,660 as of June 30, 2017, that represent the principal amounts of the permanent endowment, restricted to investment in perpetuity. Investment earnings from the permanent endowment are expendable to support programs as established by the contributor. These earnings are restricted by donors and expendable for operations and capital acquisitions. The reporting entity had a total net position restricted, expendable for operations and capital acquisitions of \$7,391,955 as of June 30, 2017.

Note 12. Deferred Compensation Plans and Hospital Pension Plan

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 12. Deferred Compensation Plans and Hospital Pension (Continued)

Memorial Hospital of Sheridan County

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

The defined contribution pension plan (401(a) plan) allows the Hospital to contribute between 6% and 10% of eligible wages, depending on the employees' years of service. Employees are fully vested after three years of continuous service. If any employee leaves the Hospital prior to completing the three years of service the employee forfeits the employer match portion received. The Hospital contributions to the plan during the years ended June 30, 2017, 2016, and 2015 were \$2,470,028, \$2,365,287, and \$2,130,629, respectively.

The defined contribution pension plan (457(b)) allows employees to contribute amounts up to the maximum contribution allowed by the Internal Revenue Code. For employees over 50 years of age, a participant may make additional catch-up contributions. Employee contributions to the plan during the years ended June 30, 2017, 2016, and 2015 were \$2,493,499, \$2,383,717, and \$2,053,696, respectively.

Under the nonqualified deferred compensation plan (457(f) plan), the Hospital contributes amounts according to the Hospital's discretion. The Hospital funds the contributions to the plan each year, and the funds are disbursed after three years. Hospital funding during the year ended June 30, 2017, 2016, and 2015 were \$177,679, \$104,037, and \$200,249, respectively.

Note 13. Commitments and Contingencies

As of June 30, 2017, the County and the Airport had approximately \$436,460 and \$10,968, respectively, in outstanding contract commitments relating to various projects in construction in progress.

The County pays royalties to landowners for rights to mine gravel under a permit filed with the Department of Environmental Quality. At June 30, 2017, 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, 2017, the County's estimated liability for the reclamation of the active gravel pits is \$73,000. The estimated liabilities were included with noncurrent liabilities in the Statement of Net Position.

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

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously, billed and collected revenues from patient services. Management believes that the Hospital is in substantial compliance with current laws and regulations.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 13. Commitments and Contingencies (Continued)

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

The Hospital entered into a purchase agreement during December 2016 to acquire an interest in real estate and substantially all of the assets of an internal medicine practice at a total cost of \$1,925,000. The total amount paid during the year ended June 30, 2017 was \$75,000. The Hospital is expected to pay \$100,000 in 2018 and the remaining balance of \$1,750,000 in 2019.

Note 14. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result of these and other risks, the County participates in the Wyoming Association of Risk Management (WARM), a management risk pool and WARM property insurance pool and Local Government Liability Pool (LGLP). LGLP provides liability coverage for claims subject to the Wyoming Governmental Claims Act (W.S. 1-39-101) up to \$250,000 per claimant but not more than \$500,000 per occurrence, \$1,500,000 per occurrence, and \$5,000,000 annual aggregate for federal and out-of-state claims. The coverage limit is \$1,000,000,000 per occurrence for all members combined of the WARM risk pool including various additional sub-limits. Claims have not exceeded coverage amounts in any of the last three years. Premiums paid to WARM and LGLP by the County were approximately \$152,000 and \$70,000 respectively.

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

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

The County makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and is a split rate between hazardous and non-hazardous positions. Amounts paid by the County to the State for Workers' Compensation during fiscal year 2017 and 2016 were approximately \$53,000 and \$144,000, respectively.

Wyoming Statute § 27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2017 and 2016 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2017	2016
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	33,163	27,871
Claims paid	(33,163)	(27,871)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 14. Risk Management (Continued)

The County also provides its employees' health care benefits for the primary government and component unit employees. Under this program, the County is insured under a stop-loss policy for individual claims exceeding \$60,000 per year. The aggregate stop-loss limit is \$1,000,000. Premiums paid for stop-loss insurance were approximately \$314,000. Estimated medical claims are calculated by the plan administrator based on past historical experience and current economic events. Claims are usually paid within one year of submission.

Changes in the County's health care risk management liability during the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Health care risk management liability, beginning of year	\$ 207,605	\$ 329,596
Claims incurred	799,103	2,040,717
Claims paid	(902,651)	(2,162,708)
Health care risk management liability, end of year	<u>\$ 104,057</u>	<u>\$ 207,605</u>

Insurance settlements during the last three fiscal years have not exceeded the County's insurance coverage. There has been no significant change in insurance coverage or the County's risk management programs during the year ended June 30, 2017.

The Memorial Hospital of Sheridan County maintains a commercial insurance policy covering the professional liability of the Hospital and its employees on a claims-made basis up to \$1,000,000 per claim and in aggregate up to \$5,000,000. There is additional umbrella coverage above this limit up to \$10,000,000. The policy provides coverage up to the policy limits for claims first made and incidents first reported to the insurer during the policy's term. Should this policy lapse and not be replaced with equivalent coverage, claims based upon a medical incident that occurred during the term would not be covered and an extended reporting endorsement (tail) would have to be purchased. The Hospital, based upon the information provided by its insurance carrier, has determined that the estimated liability for potential losses incurred, but not reported, is not material to the accompanying financial statements. Accordingly, no provisions for such losses have been made.

The Memorial Hospital of Sheridan County partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$80,000 per claim. Liabilities on the statement on net position include an accrual for claims that have been incurred but not reported. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors. The estimated liability accrued for this program at June 30, 2017 and 2016 was approximately \$615,000 and \$410,000, respectively.

For the year ended June 30, 2017, the Hospital incurred expenses of \$5,266,920 for employee health insurance.

Note 15. Transactions with Related Parties and with Component Units

During the fiscal year ended June 30, 2017, the County provided \$393,500, \$120,000, and \$1,162,000 in support to the Sheridan County Fair, Memorial Hospital of Sheridan County, and Sheridan County Public Library, respectively. The Fair and the Library reimbursed the County approximately \$155,000 for health insurance premiums paid by the County.

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 16. 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 2017, the retirees contributed premiums of \$7,547 to the plan. No additional monies were contributed by the County to prefund benefits. The County has funded any annual claims in excess of related premiums.

Annual OPEB Cost

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

SHERIDAN COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 16. Other Postemployment Benefits (Continued)

Annual OPEB Cost (Continued)

Annual required contribution	\$ 127,415
Interest on prior year Net OPEB obligation	34,310
Adjustment to ARC	(43,467)
Annual OPEB cost	118,258
Contributions made	4,015
Increase in net OPEB obligation	122,273
Net OPEB obligation, beginning of year	1,096,174
Net OPEB obligation, end of year	\$ 1,218,447

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 161,990	28.5%	\$ 809,656
June 30, 2015	\$ 142,858	(0.9)%	\$ 953,741
June 30, 2016	\$ 142,164	(0.2)%	\$ 1,096,174
June 30, 2017	\$ 118,258	(3.4)%	\$ 1,218,447

Funded Status and Funding Progress

As of June 30, 2017, the plan was not funded. The actuarial accrued liability for benefits was \$1,218,447 and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$1,218,447. The covered payroll was \$6,968,079 and the ratio of the UAAL to the covered payroll was 12 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, 2017

Note 16. 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, 2017 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 3.13 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.8 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 17. Issued Standards Not Yet Implemented

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of the Statement are effective for reporting periods beginning after December 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

GASB Statement No. 85, *Omnibus 2017*, establishes accounting and financial reporting requirements for blending component units, goodwill, classifying real estate held by insurance entities, measuring certain money market investments and participating interest-earning contracts at amortized cost, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of the Statement are effective for reporting periods beginning after June 15, 2017. Management has not completed its assessment of the effects of implementing this standard.

Governmental Accounting Standards Board Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this standard, government lessors must recognize (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements (a) lease revenue recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable; and (c) note disclosures about the lease. This standard is effective for reporting periods beginning after December 15, 2019. Management has not concluded its assessment of the effect of implementing this guidance.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2017

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

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

Effective July 1, 2008, it is the County's policy to maintain its paved roads with at least 33% rated as standard and to maintain its gravel roads with at least 33% rated as standard. The County added an additional category for dirt/unimproved roads which are not assessed or maintained. The number of miles of paved and gravel rated standard and substandard are as follows:

2017 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	320	75%	-	0%
Sub-standard	9.60	36%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>26.60</u>	<u>100%</u>	<u>440</u>	<u>100%</u>	<u>74</u>	<u>100%</u>
2016 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	320	75%	-	0%
Sub-standard	9.60	36%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>26.60</u>	<u>100%</u>	<u>440</u>	<u>100%</u>	<u>74</u>	<u>100%</u>
2015 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	17.00	64%	305	72%	-	0%
Sub-standard	9.60	36%	120	28%	-	0%
Unimproved	-	0%	-	0%	76	100%
	<u>26.60</u>	<u>100%</u>	<u>425</u>	<u>100%</u>	<u>76</u>	<u>100%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2017

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

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

<u>Condition Rating</u>	2017	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	29	72.50%
Borderline (50 to 80 points)	3	7.50%
Deficient (less than 50 points)	8	20.00%
	<u>40</u>	<u>100.00%</u>
<u>Condition Rating</u>	2016	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	29	72.50%
Borderline (50 to 80 points)	3	7.50%
Deficient (less than 50 points)	8	20.00%
	<u>40</u>	<u>100.00%</u>
<u>Condition Rating</u>	2015	
	<u>Bridges</u>	<u>Percent</u>
Acceptable (80 to 100 points)	29	72.50%
Borderline (50 to 80 points)	3	7.50%
Deficient (less than 50 points)	8	20.00%
	<u>40</u>	<u>100.00%</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

(Unaudited)

June 30, 2017

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)						
2013	\$ 3,642,696	\$ 3,591,378	\$ 51,318	\$ 161,000	\$ 78,817	\$ 82,183
2014	2,989,748	2,618,441	371,307	220,000	152,220	67,780
2015	2,416,677	2,357,047	59,630	100,000	94,675	5,325
2016	3,006,794	2,536,743	470,051	136,656	68,471	68,185
2017	3,415,304	3,261,669	153,635	-	-	-

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT HEALTHCARE PLAN
(Unaudited)
June 30, 2017

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, 2013	\$ -	\$ 1,329,616	\$ 1,329,616	0%	\$ 4,884,445	27.2%
June 30, 2015	\$ -	\$ 1,194,504	\$ 1,194,504	0%	\$ 6,615,025	18.1%
June 30, 2017	\$ -	\$ 1,099,092	\$ 1,099,092	0%	\$ 6,968,079	15.8%

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

1. Valuation Date	June 30, 2017
2. Actuarial Cost Method	Projected unit credit
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	3.13%
b. Healthcare Cost Trend Rate (HCCTR)	6.8% (decreasing over time to 5.0%)
c. Rate of Annual Salary Growth	2%

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

(Unaudited)

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 11,828,000	\$ 12,146,000	\$ 11,953,659	\$ (192,341)
Licenses and permits	232,025	232,025	243,885	11,860
Charges for services	1,284,700	1,324,700	1,748,093	423,393
Miscellaneous	794,245	794,245	602,157	(192,088)
One cent optional tax	1,695,760	1,806,240	1,812,957	6,717
Enhanced emergency 911 tax	261,000	276,000	277,175	1,175
Grant revenue	1,808,170	2,235,629	1,435,497	(800,132)
WIC	15,535	15,535	8,117	(7,418)
Rents, royalties, interest and fines	93,950	98,850	55,636	(43,214)
Sale of assets	72,000	72,000	92,785	20,785
Transfer from Capital Facilities Tax				
Fund	400,000	400,000	417,267	17,267
Total revenues	<u>18,485,385</u>	<u>19,401,224</u>	<u>18,647,228</u>	<u>(753,996)</u>
Expenditures				
County commissioners	289,647	289,647	277,960	11,687
County clerk	650,646	650,646	645,449	5,197
Elections	276,245	276,245	223,470	52,775
Administration	209,131	209,131	202,681	6,450
County treasurer	412,482	413,482	412,754	728
County assessor	551,030	551,030	540,086	10,944
County attorney	862,029	869,029	868,132	897
County coroner	155,535	155,535	147,931	7,604
Clerk of district court	465,747	481,747	481,515	232
Building and maintenance	346,326	346,326	325,396	20,930
Information technology	592,985	592,985	580,004	12,981
Fixed costs	2,376,525	2,407,525	2,407,446	79
One cent optional	1,695,760	1,810,440	1,797,306	13,134
General government	<u>8,884,088</u>	<u>9,053,768</u>	<u>8,910,130</u>	<u>143,638</u>
County sheriff	1,914,533	1,914,533	1,850,922	63,611
Detention center	2,586,563	2,416,563	2,363,420	53,143
E911	495,962	520,962	517,521	3,441
Emergency management	48,192	48,192	42,460	5,732
Public safety	<u>5,045,250</u>	<u>4,900,250</u>	<u>4,774,323</u>	<u>125,927</u>

(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)
(Unaudited)
Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public works	\$ 712,152	\$ 712,152	\$ 700,929	\$ 11,223
Road and bridge	913,273	913,273	887,844	25,429
Public works	1,625,425	1,625,425	1,588,773	36,652
WIC	15,535	15,535	6,789	8,746
Community health	411,291	411,291	359,652	51,639
Health, welfare and recreation	426,826	426,826	366,441	60,385
County extention	108,974	108,974	95,306	13,668
Conservation of natural resources	108,974	108,974	95,306	13,668
Capital funding	821,615	1,293,615	1,289,547	4,068
Capital outlay	821,615	1,293,615	1,289,547	4,068
Grants	1,626,919	2,035,133	1,120,443	914,690
Grants	1,626,919	2,035,133	1,120,443	914,690
Total expenditures	18,539,097	19,443,991	18,144,963	1,299,028
Excess (deficiency) of revenues over expenditures	(53,712)	(42,767)	502,265	545,032
Net change in fund balance	(53,712)	(42,767)	502,265	\$ 545,032
Fund balance, beginning of year	7,195,693	7,195,693	7,195,693	
Fund balance, end of year	\$ 7,141,981	\$ 7,152,926	\$ 7,697,958	

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

SHERIDAN COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

CAPITAL FACILITIES TAX FUND

(Unaudited)

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 1,550,000	\$ 1,670,000	\$ 1,670,658	\$ 658
Grants revenue transferred from General Fund	970,278	970,278	585,278	(385,000)
Transfer from Road Construction Fund	326,000	326,000	326,000	-
Intergovernmental	5,000	420,000	460,589	40,589
Investment income	-	-	2,171	2,171
	<u>2,851,278</u>	<u>3,386,278</u>	<u>3,044,696</u>	<u>(341,582)</u>
Expenditures				
Capital outlay	2,510,304	3,015,304	2,844,402	170,902
Transfer to General Fund	400,000	400,000	417,267	(17,267)
Total expenditures	<u>2,910,304</u>	<u>3,415,304</u>	<u>3,261,669</u>	<u>153,635</u>
Excess (deficiency) of revenues over expenditures	<u>(59,026)</u>	<u>(29,026)</u>	<u>(216,973)</u>	<u>(187,947)</u>
Net change in fund balance	<u>(59,026)</u>	<u>(29,026)</u>	<u>(216,973)</u>	<u>\$ (187,947)</u>
Fund balance, beginning of year	<u>218,432</u>	<u>218,432</u>	<u>218,432</u>	
Fund balance, end of year	<u>\$ 159,406</u>	<u>\$ 189,406</u>	<u>\$ 1,459</u>	

See accompanying note to required supplementary information

SHERIDAN COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years**
(Unaudited)

	2017	2016	2015
Public Employees' Pension Plan - County			
Proportion of the net pension liability	0.248525100%	0.266812354%	0.255425552%
Proportionate share of the net pension liability	\$ 6,008,095	\$ 6,214,988	\$ 4,507,475
Covered-employee payroll	4,430,967	4,653,405	4,366,276
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%
Law Enforcement Pension Plan - County			
Proportion of the net pension liability	1.066060300%	1.102343047%	1.170668484%
Proportionate share of the net pension liability	\$ 804,789	\$ 828,080	\$ 344,923
Covered-employee payroll	\$ 1,650,040	\$ 1,657,921	1,730,141
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.77%	49.95%	19.94%
Plan fiduciary net position as a percentage of the total pension liability	88.11%	87.49%	94.76%
Public Employees Pension Plan - Component Units			
Weed and Pest			
Proportion of the net pension liability	0.009441600%	0.010918868%	0.011043182%
Proportionate share of the net pension liability	\$ 228,250	\$ 254,338	\$ 194,878
Covered-employee payroll	\$ 168,335	\$ 190,433	188,774
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%
Fair			
Proportion of the net pension liability	0.010538600%	0.011074179%	0.011129366%
Proportionate share of the net pension liability	\$ 254,171	\$ 257,956	\$ 196,399
Covered-employee payroll	\$ 187,893	\$ 193,142	190,247
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.27%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%
Library			
Proportion of the net pension liability	0.035971500%	0.037862286%	0.038026982%
Proportionate share of the net pension liability	\$ 869,611	\$ 881,944	\$ 671,059
Covered-employee payroll	\$ 641,338	\$ 660,346	650,038
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.59%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%

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

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

See accompanying note to required supplementary information

SHERIDAN COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Fiscal Years

(Unaudited)

	2017	2016	2015
Public Employees' Pension Plan - County			
Contractually required contribution	\$ 680,412	\$ 694,028	\$ 690,160
Contributions in relations to the contractually required contributions	(680,412)	(694,028)	(690,160)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,093,935	\$ 4,175,860	\$ 4,348,834
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	15.87%
Law Enforcement Pension Plan - County			
Contractually required contribution	\$ 292,104	\$ 284,805	\$ 338,222
Contributions in relations to the contractually required contributions	(292,104)	(284,805)	(338,222)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,650,305	\$ 1,657,771	\$ 1,730,036
Contributions as a percentage of covered-employee payroll	17.70%	17.18%	19.55%
Public Employees Pension Plan - Component Units			
Weed and Pest			
Contractually required contribution	\$ 27,416	\$ 31,668	\$ 29,273
Contributions in relations to the contractually required contributions	(27,416)	(31,668)	(29,273)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 164,958	\$ 190,542	\$ 184,455
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	15.87%
Fair			
Contractually required contribution	\$ 31,695	\$ 32,118	\$ 29,501
Contributions in relations to the contractually required contributions	(31,695)	(32,118)	(29,501)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 190,704	\$ 193,249	\$ 185,892
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	15.87%
Library			
Contractually required contribution	\$ 104,901	\$ 109,810	\$ 100,800
Contributions in relations to the contractually required contributions	(104,901)	(109,810)	(100,800)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 631,173	\$ 660,710	\$ 635,161
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	15.87%

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

See accompanying note to required supplementary information

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

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.

	<u>GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Presentation Differences</u>	<u>Non-GAAP Budgetary Basis</u>
Revenues				
Taxes	\$ 6,570,054	\$ (16,949)	\$ 5,400,554	\$ 11,953,659
Licenses and permits	247,164	3,193	(6,472)	243,885
Intergovernmental	9,193,266	427,092	(9,620,358)	-
Charges for services	1,176,260	401,835	169,998	1,748,093
Investment income	56,477	(8,020)	(48,457)	-
Miscellaneous	97,933	(80,350)	584,574	602,157
One cent optional tax	-	-	1,812,957	1,812,957
Enhanced emergency 911 tax	-	-	277,175	277,175
Grant revenue	-	-	1,435,497	1,435,497
WIC	-	-	8,117	8,117
Rents, royalties, interest and fines	-	-	55,636	55,636
Insurance proceeds				
Sale of assets	-	-	92,785	92,785
Transfer from Capital Facilities Tax Fund	-	-	-	-
	-	-	417,267	417,267
	<u>\$ 17,341,154</u>	<u>\$ 726,801</u>	<u>\$ 579,273</u>	<u>\$ 18,647,228</u>
Expenditures				
General government	\$ 8,157,698	\$ 689,527	\$ 62,905	\$ 8,910,130
Public safety	4,822,603	(12,402)	(35,878)	4,774,323
Public works	1,593,082	571,100	(575,409)	1,588,773
Health, welfare and recreation	994,314	315,501	(943,374)	366,441
Conservation of natural resources	171,331	1,454	(77,479)	95,306
Debt service - principal	488,543	(488,543)	-	-
Debt service - interest	47,703	(47,703)	-	-
Capital outlay	645,527	195,228	448,792	1,289,547
Grants	-	-	1,120,443	1,120,443
	<u>\$ 16,920,801</u>	<u>\$ 1,224,162</u>	<u>\$ -</u>	<u>\$ 18,144,963</u>

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

Note 1. Basis of Budgeting (Continued)

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
Revenues				
Taxes	\$ 1,682,259	\$ (11,601)	\$ -	\$ 1,670,658
Grants revenue transferred from General Fund	-	-	285,278	585,278
Intergovernmental revenues	464,245	(3,656)	-	460,589
Investment income	2,171	-	-	2,171
Transfer from Road Construction Fund	-	-	626,000	326,000
	<u>\$ 2,148,675</u>	<u>\$ (15,257)</u>	<u>\$ 911,278</u>	<u>\$ 3,044,696</u>
Expenditures				
Debt service - principal	\$ 32,229	\$ (32,229)	\$ -	\$ -
Capital outlay	2,830,492	13,910	-	2,844,402
Transfer to General Fund	-	-	417,267	417,267
	<u>\$ 2,862,721</u>	<u>\$ (18,319)</u>	<u>\$ 417,267</u>	<u>\$ 3,261,669</u>

Budgetary Information

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

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

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

The budget is adopted according to the following schedule:

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

SHERIDAN COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

Note 1. Basis of Budgeting (Continued)

Budgetary Information

The County Commissioners amended the budget for the fiscal year ending June 30, 2107 as follows:

General Fund that include; Grant Department, County Treasurer’s Office, County Attorney’s Office, County Clerk of District Court Office, Fixed Cost Department, Capital Improvement Department, 1% Optional Tax Department , the E-911 Department and Reserves.

The Capital Facilities Tax Road Fund, and the County Road Fund were also amended. Adjustments were made in operating expenses in the General Fund to appropriate \$1,378,492 in unanticipated grant expenses, and \$1,397,736 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$1,000 for the County Treasurer Office, \$7,000 for the County Attorney Office, \$16,000 for the County Clerk of District Court Office, \$31,000 for the Fixed Cost Department, \$472,000 for the Capital Improvement Department.

A transfer of \$170,000 from the Detention Center Department was made to offset other unanticipated expenses in the general fund. Reserves were reduced \$605,000 to correct balances. Adjustments were made in the 1% Optional Tax Budget to appropriate \$114,680 in expenses and \$115,380 in revenue. Adjustments were made in the E-911 Department to appropriate \$25,000 in expenses and \$15,000 in revenue. Adjustments were made in the Capital Facilities Tax Fund to appropriate \$505,000 in expenses and \$535,000 in revenue. Adjustments were made in the County

Note 2. Explanation of Changes to Pension Plan

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

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

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 603,266	\$ 103,266
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>603,266</u>	<u>103,266</u>
Expenditures				
Capital outlay	1,000	322,350	322,350	-
Transfer to Capital Facilities Tax Fund	326,000	626,000	626,000	-
Total expenditures	<u>327,000</u>	<u>948,350</u>	<u>948,350</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>173,000</u>	<u>(448,350)</u>	<u>(345,084)</u>	<u>103,266</u>
Net change in fund balance	173,000	(448,350)	(345,084)	<u><u>\$ 103,266</u></u>
Fund balance, beginning of year	<u>1,367,972</u>	<u>1,367,972</u>	<u>1,367,972</u>	
Fund balance, ending of year	<u><u>\$ 1,540,972</u></u>	<u><u>\$ 919,622</u></u>	<u><u>\$ 1,022,888</u></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, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax	\$ 985,354	\$ 985,354	\$ 1,002,677	\$ 17,323
Grants	76,288	76,288	60,400	(15,888)
Charges for services	150,000	150,000	232,039	82,039
Investment income	-	-	7,262	7,262
Miscellaneous	29,100	29,100	-	(29,100)
Total revenues	<u>1,240,742</u>	<u>1,240,742</u>	<u>1,302,378</u>	<u>61,636</u>
Expenditures				
Conservation of natural resources	1,249,688	1,249,688	1,043,081	206,607
Capital outlay	50,250	50,250	50,891	(641)
Total expenditures	<u>1,299,938</u>	<u>1,299,938</u>	<u>1,093,972</u>	<u>205,966</u>
Excess (deficiency) of revenues over (under) expenditures	(59,196)	(59,196)	208,406	<u>\$ 267,602</u>
Fund balance, beginning of year	<u>1,096,031</u>	<u>1,096,031</u>	<u>1,096,031</u>	
Fund balance, end of year	<u>\$ 1,036,835</u>	<u>\$ 1,036,835</u>	<u>\$ 1,304,437</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, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 393,500	\$ 393,500	\$ 393,500	\$ -
Charges for services	64,600	64,600	61,723	(2,877)
Community support	7,000	7,000	6,042	(958)
Investment income	25	25	35	10
Other revenue	3,000	3,000	3,297	297
Total revenues	<u>468,125</u>	<u>468,125</u>	<u>464,597</u>	<u>(3,528)</u>
Expenditures				
Health, welfare and recreation	468,125	468,125	429,637	38,488
Total expenditures	<u>468,125</u>	<u>468,125</u>	<u>429,637</u>	<u>38,488</u>
Excess of revenues over expenditures	-	-	34,960	<u>\$ 34,960</u>
Fund balance, beginning of year	<u>418,982</u>	<u>418,982</u>	<u>418,982</u>	
Fund balance, end of year	<u>\$ 418,982</u>	<u>\$ 418,982</u>	<u>\$ 453,942</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, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Allocation from the County	\$ 1,162,000	\$ 1,162,000	\$ 1,162,000	\$ -
Grants	2,000	2,000	-	(2,000)
Charges for services	32,700	32,700	33,367	667
Fulmer Trust	54,000	54,000	57,260	3,260
Sheridan County Library Foundation	8,900	8,900	8,448	(452)
Intergovernmental contribution to endowment	50,000	50,000	50,000	-
Friends of the Library	75,000	75,000	75,000	-
Investment income	214	214	749	535
Total revenues	1,384,814	1,384,814	1,386,824	2,010
Expenditures				
Health, welfare and recreation	1,439,550	1,439,550	1,397,099	42,451
Total expenditures	1,439,550	1,439,550	1,397,099	42,451
Deficiency of revenues over (under) expenditures	(54,736)	(54,736)	(10,275)	\$ <u>44,461</u>
Fund balance, beginning of year	73,286	73,286	73,286	
Fund balance, end of year	\$ <u>18,550</u>	\$ <u>18,550</u>	\$ <u>63,011</u>	

SHERIDAN COUNTY, WYOMING

GOVERNMENTAL FUND BALANCE SHEET/COMBINING STATEMENT OF NET POSITION
 SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION
 June 30, 2017

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 63,011	\$ 324,890	\$ 387,901
Investments	-	1,325,988	1,325,988
Investments, restricted by donors	-	1,601,416	1,601,416
Capital assets not being depreciated	868,461	-	868,461
Capital assets being depreciated, net of accumulated depreciation	2,818,724	-	2,818,724
	<u>3,750,196</u>	<u>3,252,294</u>	<u>7,002,490</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	221,353	-	221,353
	<u>221,353</u>	<u>-</u>	<u>221,353</u>
Total deferred inflows of resources			
LIABILITIES			
Noncurrent liabilities			
Due in more than one year	38,352	-	38,352
Net pension liability	869,611	-	869,611
	<u>907,963</u>	<u>-</u>	<u>907,963</u>
Total current liabilities			
DEFERRED INFLOWS OF RESOURCES			
Pension items	50,652	-	50,652
	<u>50,652</u>	<u>-</u>	<u>50,652</u>
Total deferred inflows of resources			
NET POSITION			
Invested in capital assets, net of related debt	3,687,185	-	3,687,185
Permanently restricted by donors	-	1,648,239	1,648,239
Unrestricted (deficiency)	(674,251)	1,604,055	929,804
	<u>3,012,934</u>	<u>3,252,294</u>	<u>6,265,228</u>
Total net position			

SHERIDAN COUNTY, WYOMING

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENSES AND CHANGES IN NET POSITION SHERIDAN COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY LIBRARY FOUNDATION Year Ended June 30, 2017

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
Revenues			
Intergovernmental revenues	\$ 1,170,448	\$ -	\$ 1,170,448
Charges for services	33,367	-	33,367
Investment income	749	285,563	286,312
Contributions	132,260	138,605	270,865
Miscellaneous	-	64	64
Total revenues	<u>1,336,824</u>	<u>424,232</u>	<u>1,761,056</u>
Expenses			
Current			
Health, welfare and recreation	1,319,046	236,257	1,555,303
Capital outlay	199,667	-	199,667
Total expenditures	<u>1,518,713</u>	<u>236,257</u>	<u>1,754,970</u>
Excess (deficiency) of revenues over expenditures	<u>(181,889)</u>	<u>187,975</u>	<u>6,086</u>
Other financing sources (uses)			
Transfers out	(122,839)	(95,950)	(218,789)
Transfers in	95,950	122,839	218,789
Contributions to an endowment	122,839	16,873	139,712
	<u>95,950</u>	<u>43,762</u>	<u>139,712</u>
Net change in fund balance	(85,939)	231,737	145,798
Net position, beginning of year	<u>3,098,873</u>	<u>3,020,557</u>	<u>6,119,430</u>
Net position, end of year	<u>\$ 3,012,934</u>	<u>\$ 3,252,294</u>	<u>\$ 6,265,228</u>

SHERIDAN COUNTY, WYOMING

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

June 30, 2017

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 3,736,666	\$ 504,065	\$ 4,240,731
Accounts receivable, net	11,590,206	-	11,590,206
Other receivables	128,342	96,850	225,192
Prepaid items and other current assets	714,998	-	714,998
Inventory	2,246,508	-	2,246,508
Investments	-	3,898,988	3,898,988
Internally designated investments	16,251,516	-	16,251,516
Restricted investments	1,044,188	5,947,968	6,992,156
Capital assets being depreciated, net of accumulated depreciation	49,102,366	-	49,102,366
Other assets, long-term	1,053,279	1,276,749	2,330,028
Total assets	<u>85,868,069</u>	<u>11,724,620</u>	<u>97,592,689</u>
LIABILITIES AND DEFERRED			
INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities	3,940,731	50,383	3,991,114
Accrued payroll and related expenses	5,406,612	-	5,406,612
Deferred revenue	36,625	-	36,625
Due to third-party payors	263,000	-	263,000
Noncurrent liabilities			
Due within one year	29,900	-	29,900
Due in more than one year	709,462	-	709,462
Total current liabilities	<u>10,386,330</u>	<u>50,383</u>	<u>10,436,713</u>
NET POSITION			
Invested in capital assets, net of related debt	48,363,004	-	48,363,004
Restricted expendable for operations and capital acquisitions	1,044,188	6,347,767	7,391,955
Restricted nonexpendable permanent endowments	-	948,660	948,660
Unrestricted	26,074,547	4,377,810	30,452,357
Total net position	<u>\$ 75,481,739</u>	<u>\$ 11,674,237</u>	<u>\$ 87,155,976</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, 2017

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Total
Revenues			
Intergovernmental revenues	\$ 120,000	\$ -	\$ 120,000
Charges for services	93,492,504	489,173	93,981,677
Investment income	77,995	881,116	959,111
Total revenues	<u>93,690,499</u>	<u>1,370,289</u>	<u>95,060,788</u>
Expenses			
Current			
Health and welfare	96,280,514	968,710	97,249,224
Total expenditures	<u>96,280,514</u>	<u>968,710</u>	<u>97,249,224</u>
Excess (deficiency) of revenues over expenditures	<u>(2,590,015)</u>	<u>401,579</u>	<u>(2,188,436)</u>
Other financing sources (uses)			
Non-operating gains	529,507	-	529,507
Contributions	25,394	-	25,394
	<u>554,901</u>	<u>-</u>	<u>554,901</u>
Capital grants and contributions	<u>1,396,140</u>	<u>-</u>	<u>1,396,140</u>
Net change in net position	(638,974)	401,579	(237,395)
Net position, beginning of year	<u>76,120,713</u>	<u>11,272,658</u>	<u>87,393,371</u>
Net position, end of year	<u>\$ 75,481,739</u>	<u>\$ 11,674,237</u>	<u>\$ 87,155,976</u>

SINGLE AUDIT

INTERNAL CONTROL AND COMPLIANCE INFORMATION

SHERIDAN COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Wyoming Department of Health				
Women, Infants and Children	10.557	16W100343	\$ -	\$ 4,688
Women, Infants and Children	10.557	17W100343	-	3,429
				<u>8,117</u>
Passed through Wyoming State Forestry Division				
Cooperative Forestry Assistance	10.664	13-DG-11020000-048	-	38,043
Cooperative Forestry Assistance	10.664	12-DG-11020000-031	-	33,433
Cooperative Forestry Assistance	10.664	13-DG-11020000-033	-	5,503
				<u>76,979</u>
Total U.S. Department of Agriculture				<u>85,096</u>
<u>U.S. Department of Justice</u>				
Passed through Volunteers of America Northern Rockies				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	Unknown	6,030	6,030
Total U.S Department of Justice			<u>6,030</u>	<u>6,030</u>
<u>U.S. Department of Transportation</u>				
Passed through Wyoming Department of Transportation				
Airport Improvement Program	20.106	AIP-3-56-0027-0049	-	480,387
Airport Improvement Program	20.106	AIP-3-56-0027-0050	-	22,567
				<u>502,954</u>
Passed through Wyoming Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	CN03042	-	567,340
Highway Planning and Construction	20.205	CM15007	-	250,000
Total <i>Highway Planning and Construction Cluster</i>				<u>817,340</u>
Passed through Wyoming Department of Transportation				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	Unknown	-	8,963
Total <i>Highway Safety Cluster</i>				<u>8,963</u>
Passed through Wyoming Office of Homeland Security				
Intragency Hazardous Materials Public Sector				
Training and Planning Grant	20.703	17-DOT-SHE-HM-HMP17	-	2,624
				<u>2,624</u>
Payments for Small Community Air Service				
Development	20.930	-	-	88,877
Total U.S. Department of Transportation			<u>-</u>	<u>1,420,758</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, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed through Wyoming Department of Health Centers for Disease Control and Prevention Public Health Emergency Preparedness	93.069	Unknown	\$ -	\$ 17,999
				<u>17,999</u>
<i>TANF Cluster</i>				
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	Unknown	37,999	37,999
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558	Unknown	-	46,683
Total <i>TANF Cluster</i>				<u>84,682</u>
Passed through Wyoming Department of Health Community Services Block Grant	93.569	Unknown	160,512	160,512
				<u>160,512</u>
Total U.S. Department of Health and Human Services			<u>198,511</u>	<u>263,193</u>
<u>Office of Homeland Security</u>				
Passed through Wyoming Office of Homeland Security Emergency Management Performance Grants	97.042	16-GPD-SHE-EM-GCF16	-	5,417
Homeland Security Grant Program	97.067	HS-14-GPD-SHE-SC-HSG14	-	16,638
Homeland Security Grant Program	97.067	HS-15-GPD-SHE-SC-HSG15	-	6,422
Total Homeland Security Grant Program				<u>23,060</u>
Total Office of Homeland Security			-	28,477
			<u>\$ 204,541</u>	<u>\$ 1,803,554</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, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sheridan County, Wyoming under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sheridan County, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sheridan County, Wyoming.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Airport Improvement Grant Revenue

During the fiscal year ended June 30, 2017, the Sheridan County Airport received the following revenues from Airport Improvement Grants passed through the Wyoming Transportation Department:

AIP-3-56-0027-0049	\$ 539,800
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Note 5. Payment in Lieu of Taxes – CFDA 15.226

To compensate local taxing units for the loss of taxes from Federally-owned and acquired lands, the Office of the Secretary, Department of the Interior makes direct payments to local governments that lost real property taxes because the jurisdiction contains eligible acres of PILT entitlement land under public law 97-258, as amended, 31 U.S.C. 6901-6907. Payments are unrestricted as to use by local governments and the program is excluded from coverage under Uniform Guidance. 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, 2017, the County recognized \$999,320 of PILT entitlement as income.



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sheridan County, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming (County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sheridan County's basic financial statements, and have issued our report thereon dated December 22, 2017. Our report includes a reference to other auditors who audited the financial statements of 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 22, 2017



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sheridan County, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sheridan County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sheridan County, Wyoming's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sheridan County, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sheridan County, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, Sheridan County, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Sheridan County, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sheridan County, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 22, 2017

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

PART I SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 502,954
20.205	Highway Planning & Construction	\$ 817,340

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

(Continued)

SHERIDAN COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2017

**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, 2017

There were no audit findings for the year ended June 30, 2016.