

# Sheridan County, Wyoming

## FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2020





**SHERIDAN COUNTY, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Sheridan County, Wyoming

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming, as of and for the year ended June 30, 2020, 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 87 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 thereon 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 require 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.



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## ***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, 2020, 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, budgetary comparison information, pension schedules, and the schedule of changes in the County's total OPEB liability and related ratios 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, Wyoming'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.

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 as described 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 8, 2020, 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, and 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 and compliance.



Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

Casper, Wyoming  
December 8, 2020

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# SHERIDAN COUNTY, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)  
June 30, 2020

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This section of the Sheridan County, Wyoming's annual financial report presents our discussion and analysis of financial performance during the fiscal year ended June 30, 2020. 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, 2020, by \$79,725,213 (net position). Of this amount \$6,151,820 (unrestricted net position) may be used to meet ongoing obligations, and \$68,814,289 is invested in capital assets, net of related debt.

As of June 30, 2020, the County's governmental funds reported combined fund balances of \$17,194,809. Unassigned fund balance of the combined fund balance was \$5,134,022.

The fund balance for the general fund was \$12,439,330 as of June 30, 2020, with an unassigned fund balance of \$5,134,022.

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 \$7,442,872 and \$10,761,642 as of June 30, 2020 and 2019, 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, 2020

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

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

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

Both of these government-wide financial statements 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).

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, 2020

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

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

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

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

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

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

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

### ***Government – Wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. The County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$79,725,213. By far the largest portion of the County's net position (87%) 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, including the Airport, had \$2,496,010 in outstanding debt related to its capital assets. The unrestricted net position of \$6,151,820 (8%) may be used to meet the County's ongoing obligations.

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2020

The County's net position for the governmental activities as of June 30, 2020 was as follows:

	2020	Variance	2019
<b>ASSETS</b>			
Current assets	\$ 26,392,134	\$ 2,005,170	\$ 24,386,964
Capital assets, net of accumulated depreciation	53,544,858	180,430	53,364,428
Total assets	<u>79,936,992</u>	<u>2,185,600</u>	<u>77,751,392</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>3,709,295</u>	<u>(1,002,213)</u>	<u>4,711,508</u>
<b>LIABILITIES</b>			
Current liabilities	2,297,002	232,705	2,064,297
Due in more than one year	894,268	(788,211)	1,682,479
Net pension liability	6,960,941	(3,057,156)	10,018,097
OPEB liability	468,176	(1,092)	469,268
Total liabilities	<u>10,620,387</u>	<u>(3,613,754)</u>	<u>14,234,141</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>9,820,181</u>	<u>2,872,261</u>	<u>6,947,920</u>
<b>NET POSITION</b>			
Net investments in capital assets	52,848,848	1,073,896	51,774,952
Restricted	4,759,104	695,736	4,063,368
Unrestricted	5,597,767	155,248	5,442,519
Total net position	<u>\$ 63,205,719</u>	<u>\$ 1,924,880</u>	<u>\$ 61,280,839</u>

The County's net position for the business-type activities as of June 30, 2020 was as follows:

	2020	Variance	2019
<b>ASSETS</b>			
Current assets	\$ 1,265,561	\$ 347,592	\$ 917,969
Capital assets, net of accumulated depreciation	17,765,441	564,089	17,201,352
Total assets	<u>19,031,002</u>	<u>911,681</u>	<u>18,119,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>193,474</u>	<u>(97,109)</u>	<u>290,583</u>
<b>LIABILITIES</b>			
Current liabilities	193,693	(153,204)	346,897
Due in more than one year	1,691,029	(133,939)	1,824,968
Net pension liability	481,931	(261,614)	743,545
OPEB liability	27,277	(65)	27,342
Total liabilities	<u>2,393,930</u>	<u>(548,822)</u>	<u>2,942,752</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>311,052</u>	<u>224,980</u>	<u>86,072</u>
<b>NET POSITION</b>			
Net investments in capital assets	15,965,441	714,089	15,251,352
Unrestricted	554,053	424,325	129,728
Total net position	<u>\$ 16,519,494</u>	<u>\$ 1,138,414</u>	<u>\$ 15,381,080</u>

**SHERIDAN COUNTY, WYOMING**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

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

Revenues	2020	Percentage	2019	Percentage	Variance
<b>General</b>					
Taxes	\$ 16,962,719	75.03%	\$ 16,104,666	76.63%	\$ 858,053
Payments in lieu of taxes	1,095,424	4.85%	1,039,255	4.94%	56,169
Investment income	157,659	0.70%	171,735	0.82%	(14,076)
Miscellaneous revenue	128,500	0.57%	327,258	1.56%	(198,758)
Other grants and contributions	745,533	3.30%	937,057	4.46%	(191,524)
<b>Program Revenues</b>					
Charges for services	1,537,699	6.80%	1,592,923	7.58%	(55,224)
Operating grants and contributions	1,390,452	6.15%	805,497	3.83%	584,955
Capital grants contributions	589,038	2.61%	38,637	0.18%	550,401
<b>Total revenues</b>	<b>22,607,024</b>	<b>100.00%</b>	<b>21,017,028</b>	<b>100.00%</b>	<b>1,589,996</b>
<b>Expenses</b>					
General government	9,845,251	47.08%	10,102,551	51.96%	(257,300)
Public safety	5,729,138	27.39%	5,873,376	30.21%	(144,238)
Public works	2,061,530	9.86%	1,951,735	10.04%	109,795
Health, welfare, and recreation	1,528,303	7.31%	958,585	4.93%	569,718
Conservation of natural resources	129,609	0.62%	120,732	0.62%	8,877
Capital outlay	1,574,826	7.53%	390,118	2.01%	1,184,708
Interest on long-term debt	43,478	0.21%	46,549	0.24%	(3,071)
<b>Total expenses</b>	<b>20,912,135</b>	<b>100.00%</b>	<b>19,443,646</b>	<b>100.00%</b>	<b>1,468,489</b>
Excess of revenue over expenses before transfers	1,694,889		1,573,382		121,507
Transfers in (out)	229,991		(402,632)		632,623
Changes in net position	1,924,880		1,170,750		\$ 754,130
Net position, beginning of year	61,280,839		60,110,089		
Net position, end of year	<u>\$ 63,205,719</u>		<u>\$ 61,280,839</u>		

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

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

June 30, 2020

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

Revenues	2020	Percentage	2019	Percentage	Variance
<b>General</b>					
Taxes	\$ 78,362	1.91%	\$ 79,160	4.93%	\$ (798)
Investment income	23,689	0.58%	26,685	1.66%	(2,996)
Miscellaneous	-	0.00%	16,000	1.00%	(16,000)
<b>Program Revenues</b>					
Charges for services	737,598	17.95%	691,811	43.04%	45,787
Operating grants and contributions	1,279,434	31.14%	263,400	16.39%	1,016,034
Capital grants and contributions	1,990,418	48.43%	530,188	32.99%	1,460,230
<b>Total revenues</b>	<b>4,109,501</b>	<b>100.00%</b>	<b>1,607,244</b>	<b>100.00%</b>	<b>2,502,257</b>
<b>Expenses</b>					
County Airport	2,741,096	100.00%	2,717,199	100.00%	23,897
<b>Total expenses</b>	<b>2,741,096</b>	<b>100.00%</b>	<b>2,717,199</b>	<b>100.00%</b>	<b>23,897</b>
Excess (deficiency) of revenue over expenses before transfers	1,368,405		(1,109,955)		2,478,360
Transfer in (out)	(229,991)		402,632		(632,623)
Changes in net position	1,138,414		(707,323)		<u>\$ 1,845,737</u>
Net position, beginning of year	15,381,080		16,088,403		
Net position, end of year	<u>\$ 16,519,494</u>		<u>\$ 15,381,080</u>		

***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, 2020, the County's governmental funds reported combined fund balances of \$17,194,809.

The General Fund is the main operating fund of the County. As of June 30, 2020, the total fund balance was \$12,439,330 while the unassigned General Fund balance was \$5,134,022.



**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)  
June 30, 2020

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, 2020, the Capital Facilities Tax Fund shows a fund balance of \$2,646,935.

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, 2020, the County's Road Construction Fund shows a fund balance of \$2,108,544.

Revenues for governmental funds were approximately \$23.1 million for the fiscal year ended June 30, 2020. The following schedule presents revenues by source.

Revenues	2020	Percentage	2019	Percentage	Variance
Taxes	\$ 9,486,585	41.07%	\$ 8,922,808	42.29%	\$ 563,777
Licenses and permits	312,326	1.35%	277,633	1.32%	34,693
Intergovernmental revenues	11,930,157	51.65%	10,324,444	48.93%	1,605,713
Charges for services	1,124,305	4.87%	1,313,321	6.22%	(189,016)
Investment income	150,079	0.65%	159,377	0.76%	(9,298)
Miscellaneous revenues	92,853	0.40%	103,785	0.49%	(10,932)
<b>Total revenues</b>	<b>\$ 23,096,305</b>	<b>100.00%</b>	<b>\$ 21,101,368</b>	<b>100.00%</b>	<b>\$ 1,994,937</b>

Expenditures for governmental funds were approximately \$20.9 million for fiscal year 2020.

The following schedule presents expenditures by activities.

	2020	Percentage	2019	Percentage	Variance
<b>Current</b>					
General government	\$ 8,327,817	39.82%	\$ 8,379,391	43.23%	\$ (51,574)
Public safety	5,111,259	24.44%	4,910,140	25.33%	201,119
Public works	1,768,904	8.46%	1,620,454	8.36%	148,450
Health, welfare and recreation	1,491,185	7.13%	929,688	4.80%	561,497
Conservation of natural resources	122,196	0.58%	113,511	0.59%	8,685
<b>Debt Service</b>					
Principal	893,468	4.27%	377,245	1.95%	516,223
Interest	43,478	0.21%	46,550	0.24%	(3,072)
<b>Capital outlay</b>	<b>3,152,927</b>	<b>15.08%</b>	<b>3,004,077</b>	<b>15.50%</b>	<b>148,850</b>
<b>Total expenditures</b>	<b>\$ 20,911,234</b>	<b>100.00%</b>	<b>\$ 19,381,056</b>	<b>100.00%</b>	<b>\$ 1,530,178</b>

Funds were transferred from the General Fund to the Capital Facilities Tax Fund to reimburse the Capital Facilities Tax Fund for grant related revenues attributed to construction expenses paid by the Capital Facilities Tax Fund. Funds were also transferred from the County Road Construction to the General Fund to reimburse the General Fund for Capital Equipment expenditures.

## SHERIDAN COUNTY, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

#### *Capital Assets and Debt Administration*

The County's capital assets for its governmental activities as of June 30, 2020 were approximately \$53.5 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	36,593,898	398,464	-	36,992,362
Construction in progress	127,578	1,098,875	612,160	614,293
Total capital assets not being depreciated	<u>37,684,793</u>	<u>1,497,339</u>	<u>612,160</u>	<u>38,569,972</u>
Capital assets being depreciated				
Land improvements	815,568	-	-	815,568
Buildings and building improvements	27,083,576	237,512	-	27,321,088
Equipment	5,781,987	234,617	144,310	5,872,294
Furnishings, computer equipment and software	3,051,690	11,498	383,970	2,679,218
Vehicles	1,352,985	109,696	75,250	1,387,431
Total capital assets being depreciated	<u>38,085,806</u>	<u>593,323</u>	<u>603,530</u>	<u>38,075,599</u>
Less accumulated depreciation for				
Land improvements	660,705	26,430	-	687,135
Buildings and building improvements	12,883,072	845,847	-	13,728,919
Equipment	4,944,240	252,123	144,310	5,052,053
Furnishings, computer equipment and software	2,890,749	42,941	383,970	2,549,720
Vehicles	1,027,405	130,731	75,250	1,082,886
Total accumulated depreciation	<u>22,406,171</u>	<u>1,298,072</u>	<u>603,530</u>	<u>23,100,713</u>
Total capital assets being depreciated, net	<u>15,679,635</u>	<u>(704,749)</u>	<u>-</u>	<u>14,974,886</u>
Governmental activities, capital assets, net	<u>\$ 53,364,428</u>	<u>\$ 792,590</u>	<u>\$ 612,160</u>	<u>\$ 53,544,858</u>

**SHERIDAN COUNTY, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)  
June 30, 2020

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

- Various minor facility improvements totaling \$273,695
- County Road Projects
- Construction in progress as of the end of the current fiscal year was \$614,293 for Sheridan County. This amount included \$46,996 for Courthouse improvements, \$567,299 in costs related to the County road and bridges, and \$40,661 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:

2020 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	19.50	75%	321	75%	-	0%
Sub-standard	6.30	25%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>25.80</u>	<u>100%</u>	<u>441</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, 2020

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	197,649	2,044,891	2,201,879	40,661
Total capital assets not being depreciated	<u>1,323,455</u>	<u>2,044,891</u>	<u>2,201,879</u>	<u>1,166,467</u>
Capital assets being depreciated				
Buildings, building improvements and runways	45,508,852	2,273,502	-	47,782,354
Equipment	3,228,773	49,261	-	3,278,034
Total capital assets being depreciated	<u>48,737,625</u>	<u>2,322,763</u>	<u>-</u>	<u>51,060,388</u>
Less accumulated depreciation for				
Buildings, building improvements and runways	31,188,157	1,395,534	-	32,583,691
Equipment	1,671,571	206,152	-	1,877,723
Total accumulated depreciation	<u>32,859,728</u>	<u>1,601,686</u>	<u>-</u>	<u>34,461,414</u>
Total capital assets, being depreciated, net	<u>15,877,897</u>	<u>721,077</u>	<u>-</u>	<u>16,598,974</u>
Capital assets, net	<u>\$ 17,201,352</u>	<u>\$ 2,765,968</u>	<u>\$ 2,201,879</u>	<u>\$ 17,765,441</u>

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

***Budget information***

The Board of County Commissioners developed the FY20 Budget with the following assumptions: there would be an expectation of FY20 PILT and SRS funding; state and local revenues would be above the prior fiscal year; WY Retirement contributions would increase, health insurance benefit cost would increase, other benefit costs would not increase; employee compensation would increase due to implementation of a job classification and compensation study, staff levels would remain the same as FY19; carryover cash would be utilized to balance the budget for air service and capital projects; and County services would continue to be provided at a high level of quality. These assumptions are addressed in the budget as proposed.

The board approved two amendments to the fiscal year budget. Amendment #1 included transfers in the general fund that include; grant department, treasurer's office, assessor's office, clerk of district court office, 1% optional tax department, and the E-911 tax department. Adjustment were also made to the County employee health benefit fund. Adjustments were made in operating expenses in the general fund to appropriate \$552,361 in unanticipated grant expenses and \$529,611 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$1,000 for the treasurer, \$3,000 for the assessor, and \$7,000 for the clerk of district court. General fund revenue was adjusted by \$920,000 to adjust for unanticipated revenues. Adjustments were made in the 1% optional tax budget to appropriate \$194,000 in expenses and \$186,000 in revenue. Adjustments were made in the E-911 department to appropriate \$6,100 in expenses and \$24,000 in revenue. Adjustments were made in the employee health benefit plan of to appropriate \$190,000 in expenses. Amendment #2 included an additional adjustment to grant revenues in the amount of \$9,600, and adjustments of \$300,000 in revenue and expenses respectively in the Capital Facilities Tax fund.

# SHERIDAN COUNTY, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

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### ***Economic Factors and Next Year's Budget and Rates***

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

### ***COVID-19***

COVID-19 (the Pandemic) is an ongoing situation. At this time the County cannot determine the duration of the Pandemic or the overall impact that the Pandemic, including the federal and state responses thereto, will have on its programs and operation. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the County, its programs and operations.

### ***Long-term Debt***

At the end of the current fiscal year, Sheridan County had debt of \$542,227 from a note payable and \$1,800,000 from Airport Revenue Bonds. These funds have been used to finance the Sheridan County Detention Facility and improvements at the Airport. As of June 30, 2020, Sheridan County had outstanding capital leases of \$153,783 which represent the remaining amounts due on equipment purchases. The County also has long-term debt related to the incurred but not reported health claims, reclamation liabilities, OPEB, and amounts due to employees for accrued compensated absences.

In the fiscal year 2015, the County implemented GASB 68 and 71 and recorded its proportional share of the State of Wyoming Retirement System plan's net position, the statewide cost-sharing multiple-employer public employee retirement plan. This resulted in recording a net pension liability of \$7,442,872 and \$10,761,642 as of June 30, 2020 and 2019, respectively.

### ***Conclusion***

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

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**BASIC FINANCIAL STATEMENTS**

**SHERIDAN COUNTY, WYOMING**

**STATEMENT OF NET POSITION**

June 30, 2020

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,399,419	\$ 69,655	\$ 17,469,074	\$ 14,985,318
Restricted cash and cash equivalents	911,716	-	911,716	145,211
Investments	87,857	285,309	373,166	958,904
Property taxes receivable, net	5,817,024	-	5,817,024	216,085
Accounts receivable, net	239,179	20,718	259,897	13,350,784
Other receivables	-	-	-	294,429
Pledges receivable	-	-	-	171,514
Estimated third party payor settlement	-	-	-	29,000
Due from other governments	1,785,725	603,063	2,388,788	-
Due from primary government	-	-	-	44,770
Prepaid expenses and other current assets	-	-	-	2,206,051
Inventory	6,375	-	6,375	2,825,221
Investments, long-term	-	-	-	14,858,375
Restricted investments, long-term	144,839	286,816	431,655	9,298,329
Capital assets not being depreciated	38,569,972	1,166,467	39,736,439	9,211,325
Capital assets, net of accumulated depreciation	14,974,886	16,598,974	31,573,860	50,629,230
Other assets, long-term	-	-	-	2,849,153
<b>Total assets</b>	<b>79,936,992</b>	<b>19,031,002</b>	<b>98,967,994</b>	<b>122,073,699</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items	3,693,338	192,037	3,885,375	485,488
OPEB items	15,957	1,437	17,394	4,047
Excess consideration from acquisition	-	-	-	423,700
<b>Total deferred outflows of resources</b>	<b>3,709,295</b>	<b>193,474</b>	<b>3,902,769</b>	<b>913,235</b>

(Continued)

See accompanying notes to the financial statements



	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 818,721	\$ 43,693	\$ 862,414	\$ 11,687,050
Due to other governments	953,637	-	953,637	-
Unearned revenue	-	-	-	5,188,873
Noncurrent liabilities				
Due within one year	524,644	150,000	674,644	1,405,599
Due in more than one year	894,268	1,691,029	2,585,297	8,708,943
Net pension liability	6,960,941	481,931	7,442,872	1,419,533
OPEB liability	468,176	27,277	495,453	100,182
<b>Total liabilities</b>	<b>10,620,387</b>	<b>2,393,930</b>	<b>13,014,317</b>	<b>28,510,180</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items	3,961,284	296,533	4,257,817	519,265
OPEB items	400,459	14,519	414,978	53,451
Unavailable revenue - property taxes	5,458,438	-	5,458,438	-
<b>Total deferred inflows of resources</b>	<b>9,820,181</b>	<b>311,052</b>	<b>10,131,233</b>	<b>572,716</b>
<b>NET POSITION</b>				
Net investment in capital assets	52,848,848	15,965,441	68,814,289	49,594,500
Restricted by				
Voters resolution	2,640,560	-	2,640,560	-
State statutes	2,118,544	-	2,118,544	-
Donors	-	-	-	8,011,356
Nonexpendable	-	-	-	2,830,426
Unrestricted	5,597,767	554,053	6,151,820	33,467,756
<b>Total net position</b>	<b>\$ 63,205,719</b>	<b>\$ 16,519,494</b>	<b>\$ 79,725,213</b>	<b>\$ 93,904,038</b>

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 9,845,251	\$ 999,899	\$ 178,755	\$ -
Public safety	5,729,138	167,543	735,674	564,809
Public works	2,061,530	269,190	-	24,229
Health, welfare, and recreation	1,528,303	101,067	459,558	-
Conservation of natural resources	129,609	-	16,465	-
Capital outlay	1,574,826	-	-	-
Interest on long-term debt	43,478	-	-	-
Total governmental activities	<u>20,912,135</u>	<u>1,537,699</u>	<u>1,390,452</u>	<u>589,038</u>
Business-type activities				
Airport	2,741,096	737,598	1,279,434	1,990,418
Total primary government	<u>\$ 23,653,231</u>	<u>\$ 2,275,297</u>	<u>\$ 2,669,886</u>	<u>\$ 2,579,456</u>
Component units	<u>\$ 113,244,718</u>	<u>\$ 100,248,885</u>	<u>\$ 9,299,707</u>	<u>\$ -</u>
		General revenues		
		Property taxes		
		Sales taxes		
		Other taxes		
		Grants and contributions not restricted to specific programs		
		Payments in lieu of taxes		
		Unrestricted investment income		
		Contributions to an endowment		
		Miscellaneous revenue		
		Transfers		
		Total general revenues and transfers		
		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			
Governmental Activities	Business Type Activity	Total	Component Units Total
\$ (8,666,597)	\$ -	\$ (8,666,597)	\$ -
(4,261,112)	-	(4,261,112)	-
(1,768,111)	-	(1,768,111)	-
(967,678)	-	(967,678)	-
(113,144)	-	(113,144)	-
(1,574,826)	-	(1,574,826)	-
(43,478)	-	(43,478)	-
<u>(17,394,946)</u>	<u>-</u>	<u>(17,394,946)</u>	<u>-</u>
-	1,266,354	1,266,354	-
<u>(17,394,946)</u>	<u>1,266,354</u>	<u>(16,128,592)</u>	<u>-</u>
-	-	-	(3,696,126)
4,819,029	-	4,819,029	886,732
5,137,647	-	5,137,647	-
7,006,043	78,362	7,084,405	353,036
745,533	-	745,533	-
1,095,424	-	1,095,424	-
157,659	23,689	181,348	329,434
-	-	-	25,658
128,500	-	128,500	518,977
229,991	(229,991)	-	-
<u>19,319,826</u>	<u>(127,940)</u>	<u>19,191,886</u>	<u>2,113,837</u>
1,924,880	1,138,414	3,063,294	(1,582,289)
<u>61,280,839</u>	<u>15,381,080</u>	<u>76,661,919</u>	<u>95,486,327</u>
<u>\$ 63,205,719</u>	<u>\$ 16,519,494</u>	<u>\$ 79,725,213</u>	<u>\$ 93,904,038</u>

**SHERIDAN COUNTY, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2020

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,030,168	\$ 2,570,980	\$ 2,079,818	\$ 15,680,966
Restricted cash and cash equivalents	911,716	-	-	911,716
Investments	87,857	-	-	87,857
Property taxes receivable, net	5,817,024	-	-	5,817,024
Accounts receivable, net	216,699	-	-	216,699
Due from other governments	1,132,928	624,071	28,726	1,785,725
Due from other funds	182,334	-	-	182,334
Restricted investments, long-term	144,839	-	-	144,839
Inventory	-	6,375	-	6,375
<b>Total assets</b>	<b>\$ 19,523,565</b>	<b>\$ 3,201,426</b>	<b>\$ 2,108,544</b>	<b>\$ 24,833,535</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ 389,088	\$ 372,157	\$ -	\$ 761,245
Due to other governments	953,637	-	-	953,637
Due to other funds	-	182,334	-	182,334
Refundable advances	6,290	-	-	6,290
<b>Total liabilities</b>	<b>1,349,015</b>	<b>554,491</b>	<b>-</b>	<b>1,903,506</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	5,735,220	-	-	5,735,220
<b>Total deferred inflows of resources</b>	<b>5,735,220</b>	<b>-</b>	<b>-</b>	<b>5,735,220</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	-	6,375	-	6,375
<b>Restricted</b>				
Voters resolution	-	2,640,560	-	2,640,560
Wyoming state statutes E911	10,000 94,848	- -	2,108,544 -	2,118,544 94,848
<b>Committed</b>				
County resolutions	360,000	-	-	360,000
Assigned	6,840,460	-	-	6,840,460
Unassigned	5,134,022	-	-	5,134,022
<b>Total fund balances</b>	<b>12,439,330</b>	<b>2,646,935</b>	<b>2,108,544</b>	<b>17,194,809</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 19,523,565</b>	<b>\$ 3,201,426</b>	<b>\$ 2,108,544</b>	<b>\$ 24,833,535</b>

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, 2020

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

Total fund balances - governmental funds		\$ 17,194,809
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.		53,544,858
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.		
Difference in unavailable revenue - property taxes	\$ 276,782	
Deferred outflows of resources - pension items	3,693,338	
Deferred outflows of resources - OPEB items	15,957	
Deferred inflows of resources - pension items	(3,961,284)	
Deferred inflows of resources - OPEB items	(400,459)	(375,666)
<hr/>		
Long-term liabilities are not due and payable in the current period and, therefore, are not fully reported in the governmental funds.		
Capital lease obligations	(153,783)	
Note payable to a bank	(542,227)	
Reclamation liability and royalty payments	(41,000)	
OPEB liability	(468,176)	
Compensated absences	(408,245)	
Net pension liability	(6,960,941)	(8,574,372)
<hr/>		
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.		1,416,090
Net position of governmental activities		\$ 63,205,719

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, 2020

	General Fund	Capital Facilities Tax Fund	Road Construction Fund	Total
Revenues				
Taxes	\$ 7,492,044	\$ 1,994,541	\$ -	\$ 9,486,585
Licenses and permits	312,326	-	-	312,326
Intergovernmental revenues	10,760,448	564,809	604,900	11,930,157
Charges for services	1,124,305	-	-	1,124,305
Investment income	82,246	40,238	27,595	150,079
Miscellaneous revenues	92,853	-	-	92,853
Total revenues	<u>19,864,222</u>	<u>2,599,588</u>	<u>632,495</u>	<u>23,096,305</u>
Expenditures				
Current				
General government	8,327,817	-	-	8,327,817
Public safety	5,111,259	-	-	5,111,259
Public works	1,768,904	-	-	1,768,904
Health, welfare and recreation	1,491,185	-	-	1,491,185
Conservation of natural resources	122,196	-	-	122,196
Debt Service				
Principal	893,468	-	-	893,468
Interest	43,478	-	-	43,478
Capital outlay	754,391	2,324,836	73,700	3,152,927
Total expenditures	<u>18,512,698</u>	<u>2,324,836</u>	<u>73,700</u>	<u>20,911,234</u>
Excess of revenues over expenditures	<u>1,351,524</u>	<u>274,752</u>	<u>558,795</u>	<u>2,185,071</u>
Other financing sources (uses)				
Proceeds from sale of assets	20,647	-	-	20,647
Transfers in	859,860	-	-	859,860
Transfers out	(447,535)	(182,334)	-	(629,869)
Total other financing sources (uses)	<u>432,972</u>	<u>(182,334)</u>	<u>-</u>	<u>250,638</u>
Net change in fund balances	1,784,496	92,418	558,795	2,435,709
Fund balances, beginning of year	<u>10,654,834</u>	<u>2,554,517</u>	<u>1,549,749</u>	<u>14,759,100</u>
Fund balances, end of year	<u>\$ 12,439,330</u>	<u>\$ 2,646,935</u>	<u>\$ 2,108,544</u>	<u>\$ 17,194,809</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, 2020

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

Net change in fund balances - total governmental funds \$ 2,435,709

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 governmental funds	\$ 2,090,662	
Assets transferred from construction in progress to fixed assets and infrastructure	(612,160)	
Depreciation expense for the year	(1,298,072)	180,430

Pension and OPEB 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:

Pension plan items - deferred outflows - current year	3,693,338	
Pension plan items - deferred outflows - prior year	(4,711,508)	
OPEB items - deferred outflows - current year	15,957	
Pension plan items - deferred inflows - current year	(3,961,284)	
Pension plan items - deferred inflows - prior year	1,286,024	
OPEB items - deferred inflows - current year	(400,459)	
OPEB items - deferred inflows - prior year	336,137	(3,741,795)

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	522,245	
Principal payment on a note payable with a bank	161,410	
Principal payment on State Revolving Fund loan	209,812	
Reclamation liability and royalty payments	25,000	
Compensated absences - prior year	325,013	
Compensated absences - current year	(408,245)	
OPEB Liability - prior year	469,287	
OPEB Liability - current year	(468,176)	
Net pension liability - prior year	10,018,097	
Net pension liability - current year	(6,960,941)	3,893,502

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 (310,460)

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

Difference in unavailable revenue - property taxes - prior year	(809,288)	
Difference in unavailable revenue - property taxes - current year	276,782	(532,506)

Change in net position of governmental activities		\$ 1,924,880
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See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,655	\$ 1,718,453
Investments	285,309	-
Accounts receivable, net	20,718	22,480
Due from other governments	603,063	-
Restricted investments, long term	286,816	-
Capital assets not being depreciated	1,166,467	-
Capital assets being depreciated, net of accumulated depreciation	16,598,974	-
Total assets	19,031,002	1,740,933
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pension items	192,037	-
OPEB items	1,437	-
Total deferred outflow of resources	193,474	-
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	43,693	51,186
Incurred but not reported claims	-	273,657
Current maturity of bonds payable	150,000	-
Total current liabilities	193,693	324,843
Bonds payable, net of current maturity	1,650,000	-
Compensated absences	41,029	-
Net pension liability	481,931	-
OPEB liability	27,277	-
Total long-term liabilities	2,200,237	-
<b>DEFERRED INFLOW OF RESOURCES</b>		
Pension Items	296,533	-
OPEB items	14,519	-
Total deferred inflows of resources	311,052	-
<b>NET POSITION</b>		
Net investment in capital assets	15,965,441	-
Unrestricted	554,053	1,416,090
Total net position	\$ 16,519,494	\$ 1,416,090

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, 2020

	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	\$ 737,598	\$ 2,121,985
Operating expenses		
Salaries and benefits	709,135	-
Operating expenses	381,113	506,921
Claims expenses, net of reinsurance reimbursements	-	1,933,103
Depreciation	1,601,686	-
Total operating expenses	2,691,934	2,440,024
Operating loss	(1,954,336)	(318,039)
Nonoperating revenues (expense)		
Gas taxes	24,008	-
Interest income	23,689	7,579
Interest expense	(49,162)	-
Grants	1,279,434	-
Passenger facility charges pledged as security for revenue bonds	54,354	-
Total nonoperating revenue	1,332,323	7,579
Loss before contributions and transfers	(622,013)	(310,460)
Capital contributions - grants	1,990,418	-
Transfers in	447,535	-
Transfer out	(677,526)	-
Change in net position	1,138,414	(310,460)
Net position, beginning of year	15,381,080	1,726,550
Net position, end of year	\$ 16,519,494	\$ 1,416,090

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended June 30, 2020

	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	\$ 733,256	\$ -
Payments to suppliers for goods and service	(534,317)	(2,371,008)
Payments to employees for services	(555,264)	-
Receipts from interfund services provided	-	2,121,985
Payments for interfund services used	(86,400)	-
Net cash used in operating activities	(442,725)	(249,023)
Cash Flows from Noncapital Financing Activities		
Passenger facility charges	54,354	-
Transfers from general fund	447,535	-
Subsidy from tax revenue	24,008	-
Subsidy from state and federal grants	1,279,434	-
Net cash provided by noncapital financing activities	1,805,331	-
Cash Flows from Capital and Related Financing Activities		
State and federal capital grants	1,417,188	-
Transfers to general fund	(677,526)	-
Principal payment on bonds payable	(150,000)	-
Interest paid on bonds and note payable	(49,162)	-
Purchases of property and equipment	(2,165,775)	-
Net cash used in capital and related financing activities	(1,625,275)	-
Cash Flows from Investing Activities		
Interest received	13,340	7,579
Proceeds from sale of investments	167,427	-
Net cash provided by investing activities	180,767	7,579
Net decrease in cash and cash equivalents	(81,902)	(241,444)
Cash and cash equivalents, beginning of year	151,557	1,959,897
Cash and cash equivalents, end of year	\$ 69,655	\$ 1,718,453

(Continued)

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

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

Year Ended June 30, 2020

	Business-Type Activity Enterprise Fund Sheridan County Airport Fund (Total Enterprise Fund)	Governmental Activity Internal Service Fund Sheridan County Health Benefit Plan Fund
Reconciliation of operating loss to net cash used in operating activities		
Loss from operations	\$ (1,954,336)	\$ (318,039)
Adjustments to reconcile operating loss to cash used in operating activities		
Depreciation	1,601,686	-
Amortization - pension items	331,385	-
Amortization - OPEB items	3,783	-
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Accounts receivable	(4,342)	59,459
Deferred outflows - pension plan items	(13,079)	-
Accounts payable and accrued liabilities	(153,204)	(13,625)
Due to other funds	(9,000)	
Incurred but not reported claims	-	23,182
Compensated absences	16,061	-
Net pension liability	(261,614)	-
OPEB liability	(65)	-
Net cash used in operating activities	\$ (442,725)	\$ (249,023)
Cash paid for interest	\$ 50,027	\$ -

See accompanying notes to the financial statements

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**SHERIDAN COUNTY, WYOMING**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

June 30, 2020

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,091,261
Taxes receivable	1,824,829
Due from other governments	848,658
Total assets	<u>\$ 4,764,748</u>
<b>LIABILITIES</b>	
Due to other taxing jurisdictions	4,764,748
Total liabilities	<u>\$ 4,764,748</u>

See accompanying notes to the financial statements

**SHERIDAN COUNTY, WYOMING**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS**

June 30, 2020

	Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,525,000	\$ 596,726	\$ 1,204,192
Restricted cash	-	-	145,211
Investments	-	-	958,904
Property taxes receivable, net	216,085	-	-
Accounts receivable, net	514,829	2,419	-
Other receivables	-	-	-
Pledge receivables	-	-	-
Estimated third party payor settlement	-	-	-
Due from primary government	44,770	-	-
Prepaid expenses and other current assets	-	1,348	-
Inventory	148,014	-	-
Investments, long-term	-	-	-
Investments, restricted by donors	-	-	1,722,794
Capital assets not being depreciated	-	-	893,461
Capital assets being depreciated, net of accumulated depreciation	721,246	1,553,763	2,943,809
Other assets, long-term	-	-	-
Total assets	<u>3,169,944</u>	<u>2,154,256</u>	<u>7,868,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items	71,331	80,342	333,815
OPEB items	-	1,080	2,967
Excess consideration from acquisition	-	-	-
Total deferred inflows of resources	<u>71,331</u>	<u>81,422</u>	<u>336,782</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	801,596	775	-
Unearned revenue	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	12,891	9,919	54,843
Net pension liability	220,926	250,422	948,185
OPEB Liability	-	27,653	72,529
Total liabilities	<u>1,035,413</u>	<u>288,769</u>	<u>1,075,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items	86,867	94,459	337,939
OPEB items	-	14,800	38,651
Total deferred inflows of resources	<u>86,867</u>	<u>109,259</u>	<u>376,590</u>
<b>NET POSITION</b>			
Net investment in capital assets	721,246	1,553,763	3,837,270
Restricted for operations and capital acquisitions	-	-	-
Restricted, nonexpendable permanent endowments	-	-	1,793,137
Unrestricted	1,397,749	283,887	1,122,599
Total net position	<u>\$ 2,118,995</u>	<u>\$ 1,837,650</u>	<u>\$ 6,753,006</u>

See accompanying notes to the financial statements

Memorial Hospital of Sheridan County	Total
\$ 11,659,400	\$ 14,985,318
-	145,211
-	958,904
-	216,085
12,833,536	13,350,784
294,429	294,429
171,514	171,514
29,000	29,000
-	44,770
2,204,703	2,206,051
2,677,207	2,825,221
14,858,375	14,858,375
7,575,535	9,298,329
8,317,864	9,211,325
45,410,412	50,629,230
2,849,153	2,849,153
<u>108,881,128</u>	<u>122,073,699</u>
-	485,488
-	4,047
423,700	423,700
<u>423,700</u>	<u>913,235</u>
10,884,679	11,687,050
5,188,873	5,188,873
1,405,599	1,405,599
8,631,290	8,708,943
-	1,419,533
-	100,182
<u>26,110,441</u>	<u>28,510,180</u>
-	519,265
-	53,451
-	572,716
43,482,221	49,594,500
8,011,356	8,011,356
1,037,289	2,830,426
30,663,521	33,467,756
<u>\$ 83,194,387</u>	<u>\$ 93,904,038</u>

**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2020

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units				
Weed and Pest Control				
District	\$ 2,804,342	\$ 1,226,947	\$ 208,190	\$ -
Sheridan County Fair	599,607	60,706	425,672	-
Sheridan County Public Library	1,580,928	22,396	2,152,699	-
Memorial Hospital of Sheridan County	108,259,841	98,938,836	6,513,146	-
	\$ 113,244,718	\$ 100,248,885	\$ 9,299,707	\$ -
		General Revenues		
		Property taxes		
		Other taxes		
		Miscellaneous		
		Contributions to an endowment		
		Unrestricted investment income		
		Total general revenues		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the financial statements



Net (Expense) Revenue and Changes in Net Position

Weed and Pest Control District	Sheridan County Fair	Sheridan County Public Library	Memorial Hospital of Sheridan County	Totals
\$ (1,369,205)	\$ -	\$ -	\$ -	\$ (1,369,205)
-	(113,229)	-	-	(113,229)
-	-	594,167	-	594,167
-	-	-	(2,807,859)	(2,807,859)
<u>(1,369,205)</u>	<u>(113,229)</u>	<u>594,167</u>	<u>(2,807,859)</u>	<u>(3,696,126)</u>
886,732	-	-	-	886,732
353,036	-	-	-	353,036
-	-	376	518,601	518,977
-	-	25,658	-	25,658
20,480	138	79,851	228,965	329,434
<u>1,260,248</u>	<u>138</u>	<u>105,885</u>	<u>747,566</u>	<u>2,113,837</u>
(108,957)	(113,091)	700,052	(2,060,293)	(1,582,289)
<u>2,227,952</u>	<u>1,950,741</u>	<u>6,052,954</u>	<u>85,254,680</u>	<u>95,486,327</u>
<u>\$ 2,118,995</u>	<u>\$ 1,837,650</u>	<u>\$ 6,753,006</u>	<u>\$ 83,194,387</u>	<u>\$ 93,904,038</u>

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# SHERIDAN COUNTY, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

Sheridan County, Wyoming (the County) 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***

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 exhibitions within the County. The Fair 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 THE FINANCIAL STATEMENTS

June 30, 2020

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

***Discretely Presented Component Units (Continued)***

The Sheridan County Library Foundation, which has a significant relationship both operationally and financially with the Library, has been included as a discretely presented component unit of the Sheridan County Public Library.

The *Memorial Hospital of Sheridan County* (the Hospital) 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 hospital is governed by a board of seven trustees appointed by the Sheridan County Commissioners.

The Sheridan County Memorial Hospital Foundation, which has a significant relationship both operationally and financially with the Hospital, has been included as a discretely presented component unit of the Memorial Hospital of Sheridan County. The Memorial Hospital of Sheridan County issues separate financial statements.

***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. This Board does not qualify as a component unit of any primary government.

***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 THE FINANCIAL STATEMENTS

June 30, 2020

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

#### ***Government-wide and Fund Financial Statements (Continued)***

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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

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

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

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

The government reports the following major governmental funds:

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

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

*Road Construction Fund* is a capital project fund and is used to account for the acquisition and construction of major capital projects.

The government reports the following major proprietary funds:

The *Sheridan County Airport Fund* is used to account for the operation of the airport 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 THE FINANCIAL STATEMENTS

June 30, 2020

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

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

Additionally, the government reports the following fund types:

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

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

***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.

***Restricted Cash and Cash Equivalents***

Restricted cash consists of cash held by the County for the Affordable Housing Agency and Fire District Suppression of \$352,862 and \$228,846. Additionally the County has restricted cash of \$103,638 and \$226,370 for Enhanced Emergency 911 and the cash held by the sheriff and district court. The offsetting liability is recorded as due to others.

***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.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

*Interfund Balances, Receivables and Payables (Continued)*

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.

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, 2020 the Hospital's allowance for uncollectible accounts was approximately \$8,996,000.

*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.

*Restricted Nonexpendable Net Position*

Restricted nonexpendable net position as of June 30, 2020 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.

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

SHERIDAN COUNTY, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**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)*

Depreciation on property and equipment is provided on the straight-line basis over the following useful lives:

	Years
Primary Government	
Land improvements	20
Buildings, building improvements and runways	20 - 40
Equipment	10 - 15
Furnishings, computer equipment and software	5 - 10
Vehicles	5
Component Units	
Land improvements	20 - 25
Buildings and improvements	5 - 40
Furnishings and computer equipment	3 - 15
Equipment	3 - 20
Library collection	2 - 5
Vehicles	5

*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 2020.

*Other Assets - Investment in Joint Ventures*

The Memorial Hospital of Sheridan County has investment in joint ventures which are 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.

*Excess Consideration from Acquisitions*

The Hospital acquired a physician practice in fiscal year 2019. As a result of the acquisition, \$669,000 of excess consideration from acquisition was recognized, which represented the excess of the purchase price over the fair value of the acquired assets. The Hospital is amortizing this amount straight-line over five years through August 2023. Amortization expense and accumulated amortization for the year ended June 30, 2020 was \$133,800 and \$245,000, respectively.



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

***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. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date. The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2020, was 12 mills, which means the County has levied to the maximum amount available.

***Property Taxes Allowance***

During fiscal year 2020, the County has recorded an allowance for property taxes receivable in the amount of \$937,891 for the General Fund and \$4,257,803 for the Agency Fund.

***Deferred Outflows and Deferred Inflows of Resources***

In addition to assets, the financial statements 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 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 property taxes. 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, property tax revenue is reported as a deferred inflow of resources in the year the property tax lien is applied.

*Pension and OPEB-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 and OPEB expense related to the net pension and OPEB liabilities. 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.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

*Deferred Outflows and Deferred Inflows of Resources (Continued)*

*Excess consideration from acquisitions* – The government-wide statement of net position reports a deferred outflow from acquisition which is similar to goodwill.

*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.

*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, 2020 was approximately \$1,023,182.

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.

*Unearned Revenue*

Revenue received in advance of the performance of services deemed to be exchange transactions are deferred until such time as related expenditures are incurred and then recognized as revenue.

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act the Centers for Medicare & Medicaid Services (CMS) administered an Accelerated and Advanced Payment Program to provide additional relief funds to providers. During the year ended June 30, 2020 the Hospital received total advanced funds through the Accelerated and Advanced Payment Program of \$3,218,223. These payments were received in April 2020 and June 2020 and will need to start to be repaid within a year from receipt. The Hospital has up to 29 months from the date the payments were made to repay the balance. These amounts are reflected as Unearned Revenue in the statements of net position. Subsequent to year-end, the Hospital received \$10,504,734 of additional Accelerated and Advanced Payments from CMS.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

***Accrued Benefits***

As part of the CARES, Act the Hospital elected to defer the employer's portion of Social Security taxes from April 4, 2020 through June 30, 2020. During the year ended June 30, 2020 the Hospital deferred \$653,385 of Social Security tax. 50% of these taxes will need to be repaid by December 31, 2021, with the remaining 50% due by December 31, 2022. This amount is reflected as Accrued Salaries, Wages, Benefits and Related Taxes on the statement of net position.

***Fund Equity/Net Position***

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 governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

Certain resources of the Memorial Hospital of Sheridan County are classified as restricted assets on the balance sheet because their use is limited by applicable restrictions. Restricted net position is 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.

***Restricted Resources***

When both restricted and unrestricted resources are available to finance various programs, the County's policy is to use restricted resources before unrestricted resources.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

***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, 2020.

***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.

***Major Taxpayers***

The County's 10 largest taxpayers account for approximately 7% of the County's total assessed property valuation. Two 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.

***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 \$6,204,000 for the year ended June 30, 2020.

***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 services 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.

# SHERIDAN COUNTY, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

##### *Medicare and Medicaid*

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, 2016. 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.

For acute care inpatient services rendered to Medicaid program beneficiaries, the program paid at prospectively determined rates per discharge until February 2019 at which time the Medicaid program paid based on All Patients Refined Diagnosis Related Groups (APR-DRG) rates, which classify patients according to reason of admission, severity and risk of mortality. Outpatient services rendered to Medicaid program beneficiaries are paid on a fee schedule. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

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

##### *Accounting Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from estimates. The pension liabilities estimates are 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.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

***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, 2020, the County had balances in the bank of \$19,912,392, with a carrying amount of \$18,380,790. The fiduciary funds, as of June 30, 2020, had balances in the bank of \$2,038,326 with a carrying amount of \$2,091,261. The difference between the carrying amount and the bank balance is the result of the transactions in transit. All deposits were covered by insurance or collateral held in joint custody with the financial institution.

***Component Units***

As of June 30, 2020, the County's component units, except for the Memorial Hospital of Sheridan County, had bank balances of \$3,602,148 with a carrying amount of \$3,470,201. The difference between the carrying amount and the bank balance is the result of transactions in transit. All deposits were covered by insurance or collateral held in joint custody with the financial institution.

***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 THE FINANCIAL STATEMENTS**

June 30, 2020

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

***Investments***

As of June 30, 2020, the primary government of the County had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
<b>Investments</b>						
State Treasurer's Investment Pool (WYO-STAR)	\$ 372,166	2.15 - 2.32%	\$ 372,166	\$ -	\$ -	Not rated
Certificate of deposit	1,000	0.208%	-	1,000	-	Not rated
	<u>\$ 373,166</u>		<u>\$ 372,166</u>	<u>\$ 1,000</u>	<u>\$ -</u>	
<b>Investments - restricted</b>						
Government Sponsored Enterprises (GSEs)	\$ 286,816	2.75%	\$ 7,350	\$ 279,466	\$ -	AA+
State Treasurer's Investment Pool (WYO-STAR)	144,839	2.13 - 2.32%	144,839	-	-	Not rated
	<u>\$ 431,655</u>		<u>\$ 152,189</u>	<u>\$ 279,466</u>	<u>\$ -</u>	

As of June 30, 2020, the Sheridan County Library Foundation, which is a component unit of the Sheridan County Library, Memorial Hospital of Sheridan County and the Hospital Foundation had the following investments:

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating (*)
<b>Library Foundation</b>						
<b>Exchange-Traded Funds (ETFs)</b>						
Corporate bonds	\$ 284,253	n/a	\$ 284,253	\$ -	\$ -	A/BBB
Equities	1,766,476	n/a	1,766,476	-	-	A/BBB
I-shares- U.S. Treasury bonds	403,407	n/a	403,407	-	-	A/BBB
Mortgage Backed Securities	169,471	n/a	169,471	-	-	Not rated
Certificate of deposit	58,091	1.00%	58,091	-	-	Not rated
Total	<u>\$ 2,681,698</u>		<u>\$ 2,681,698</u>	<u>\$ -</u>	<u>\$ -</u>	

(\*) MSCI ESG Ratings

Investment Type	Total	Interest Rate	Less Than 1	1 - 5	6 - 10	Rating
<b>Hospital and Foundation</b>						
Noncurrent cash and cash equivalents	\$ 10,241,247	n/a	\$ 10,241,247	\$ -	\$ -	Not rated
Certificates of deposit	3,605,258	0.55% - 2.25%	3,605,258	-	-	Not rated
<b>Hospital Foundation</b>						
Equities	4,131,288	n/a	4,131,288	-	-	Not rated
Real estate investment trusts	148,412	n/a	148,412	-	-	Not rated
TIPS	75,471		75,471			
Mutual funds	4,232,234	n/a	4,232,234	-	-	Not rated
	<u>\$ 22,433,910</u>		<u>\$ 22,433,910</u>	<u>\$ -</u>	<u>\$ -</u>	

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

***Fair Value Measurements***

The County and its component units categorize their 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, 2020:

*Government Sponsored Enterprises (GSEs):* Valued using quoted prices for identical or similar assets in active markets.

*Exchange-traded funds (ETFs):* Traded on an exchange like equities. ETFs hold multiple underlying assets rather than one and are valued at a daily closing price.

*Corporate bonds:* These bonds mature from 2019 through 2023. Valued at the closing price reported on the active market in which the individual securities are traded.

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

*Real estate investment trust:* Alternatives consist of principal global real estate securities which do not have maturity dates.

*Treasury Inflation –Protected Securities (TIPS):* TIPS consist of inflation protected 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.

Primary government investments

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
WYO-STAR investment pool	\$ 517,005	\$ -	\$ -	\$ 517,005
Government Sponsored Enterprises (GSEs)	286,816	-	-	286,816
Total investments at fair value	\$ 803,821	\$ -	\$ -	803,821
Other investments				
Certificates of deposit				1,000
Total primary government investments				\$ 804,821
Reported in these captions:				
Investments				\$ 373,166
Restricted investments long-term				431,655
				\$ 804,821



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

***Fair Value Measurements (Continued)***

Component unit investments

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Exchange-traded funds (ETFs)	\$ 2,623,607	\$ -	\$ -	\$ 2,623,607
Equities	4,131,288	-	-	4,131,288
TIPS	75,471			75,471
Mutual funds	4,232,234	-	-	4,232,234
Real estate investment trusts	148,412	-	-	148,412
Total investments at fair value	\$ 11,211,012	\$ -	\$ -	11,211,012
Other investments				
Noncurrent cash equivalents				10,241,247
Certificates of deposit				3,663,349
Total component unit investments				\$ 25,115,608
Reported in these captions:				
Investments				\$ 958,904
Investments, long-term				14,858,375
Restricted investments long-term				9,298,329
				\$ 25,115,608

***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. As of June 30, 2020, Sheridan County Library Foundation's investment portfolio included mortgage backed securities ETFs that have fair values highly sensitive to interest rate changes. When interest rates fall, mortgages are refinanced and paid off early. The reduced stream of future interest payments may diminish the value of the investment.

***Credit Risk***

Generally, credit risk is the risk that an issuer of 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, while those of government sponsored enterprises, GSEs, are not. The County's investments in 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.

# SHERIDAN COUNTY, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

#### *Concentration of Credit Risk*

The County has a formal investment 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, 2020, the County had 64% of its investments in WYO-STAR, the State Treasurer's Investment Pool and 36% in Government Sponsored Enterprises (GSEs).

The Library Foundation had 67% of their investments in equities ETFs, and 33% of their investments in fixed income ETFs, 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, 2020, the Library Foundation was in compliance with 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. 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 Foundation had 62% of their investments in non-current cash equivalents, 18% in equities, 19% in mutual funds, and the remaining balance in various other investments.

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

#### *Custodial Credit Risk – Investments*

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk. The County's investments in WYOSTAR are not subject to custodial credit risk since they are held by the Treasurer of the State of Wyoming and not commingled with other State funds; each entity has an individual interest in the pool held in its own name. 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, 2020, is comprised of the following:

Receivable from patients and their insurance carriers	\$ 24,170,131
Receivable from medicare	9,632,513
Receivable from medicaid	1,137,892
Gross patient receivable	<u>34,940,536</u>
Less allowance for contractual adjustments	(13,111,000)
Less allowance for uncollectible accounts	(8,996,000)
Patient receivables, net	<u>12,833,536</u>
Additional accounts receivable	517,248
Total accounts receivable, component units	<u><u>\$ 13,350,784</u></u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 4. Interfund Balances**

Interfund and intra-entity receivables and payables at June 30, 2020 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 182,334	\$ -
Capital Facilities Tax Fund	-	182,334
	<u>\$ 182,334</u>	<u>\$ 182,334</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 859,860	\$ 447,535
Capital Facilities Tax Fund	-	182,334
Sheridan County Airport Fund	447,535	677,526
	<u>\$ 1,307,395</u>	<u>\$ 1,307,395</u>

Transfers were made from the General Fund to the Airport Fund 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. A transfer was also recorded from the Sheridan County Airport Fund to the General Fund for reimbursement of lease payments made for a hangar at the airport. Transfers may also (1) be used to move revenues from the funds that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary restrictions.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 5. Capital Assets**

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 963,317	\$ -	\$ -	\$ 963,317
Infrastructure	36,593,898	398,464	-	36,992,362
Construction in progress	127,578	1,098,875	612,160	614,293
Total capital assets not being depreciated	<u>37,684,793</u>	<u>1,497,339</u>	<u>612,160</u>	<u>38,569,972</u>
Capital assets being depreciated				
Land improvements	815,568	-	-	815,568
Buildings and building improvements	27,083,576	237,512	-	27,321,088
Equipment	5,781,987	234,617	144,310	5,872,294
Furnishings, computer equipment and software	3,051,690	11,498	383,970	2,679,218
Vehicles	1,352,985	109,696	75,250	1,387,431
Total capital assets being depreciated	<u>38,085,806</u>	<u>593,323</u>	<u>603,530</u>	<u>38,075,599</u>
Less accumulated depreciation for				
Land improvements	660,705	26,430	-	687,135
Buildings and building improvements	12,883,072	845,847	-	13,728,919
Equipment	4,944,240	252,123	144,310	5,052,053
Furnishings, computer equipment and software	2,890,749	42,941	383,970	2,549,720
Vehicles	1,027,405	130,731	75,250	1,082,886
Total accumulated depreciation	<u>22,406,171</u>	<u>1,298,072</u>	<u>603,530</u>	<u>23,100,713</u>
Total capital assets being depreciated, net	<u>15,679,635</u>	<u>(704,749)</u>	<u>-</u>	<u>14,974,886</u>
Governmental activities, capital assets, net	<u>\$ 53,364,428</u>	<u>\$ 792,590</u>	<u>\$ 612,160</u>	<u>\$ 53,544,858</u>

Equipment of \$365,896 has been acquired under capital leases. The related depreciation expense on these assets in the amount of \$51,179 is included in annual depreciation expense.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 5. Capital Assets (Continued)**

**Primary Government (Continued)**

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

Governmental activities	
General government	\$ 964,596
Public safety	130,731
Public works	202,745
	<u>202,745</u>
Total depreciation expense - governmental activities	\$ 1,298,072
	<u>1,298,072</u>

Capital asset activity for the business-type activity of Sheridan County for the year ended June 30, 2020:

	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	197,649	2,044,891	2,201,879	40,661
Total capital assets not being depreciated	<u>1,323,455</u>	<u>2,044,891</u>	<u>2,201,879</u>	<u>1,166,467</u>
Capital assets being depreciated				
Buildings, building improvements and runways	45,508,852	2,273,502	-	47,782,354
Equipment	3,228,773	49,261	-	3,278,034
Total capital assets being depreciated	<u>48,737,625</u>	<u>2,322,763</u>	<u>-</u>	<u>51,060,388</u>
Less accumulated depreciation for				
Buildings, building improvements and runways	31,188,157	1,395,534	-	32,583,691
Equipment	1,671,571	206,152	-	1,877,723
Total accumulated depreciation	<u>32,859,728</u>	<u>1,601,686</u>	<u>-</u>	<u>34,461,414</u>
Total capital assets, being depreciated, net	<u>15,877,897</u>	<u>721,077</u>	<u>-</u>	<u>16,598,974</u>
Capital assets, net	<u>\$ 17,201,352</u>	<u>\$ 2,765,968</u>	<u>\$ 2,201,879</u>	<u>\$ 17,765,441</u>
	<u>\$ 17,201,352</u>	<u>\$ 2,765,968</u>	<u>\$ 2,201,879</u>	<u>\$ 17,765,441</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 5. Capital Assets (Continued)**

***Component Units***

Capital asset activity for each component unit for the year ended June 30, 2020, was as follows:

Capital asset activity for the Sheridan County Weed and Pest Control District for the year ended June 30, 2020 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 889,468	\$ -	\$ -	\$ 889,468
Vehicles and equipment	332,022	49,535	-	381,557
Total capital assets being depreciated	1,221,490	49,535	-	1,271,025
Less accumulated depreciation for				
Buildings and improvements	221,928	22,684	-	244,612
Vehicles and equipment	285,253	19,914	-	305,167
Total accumulated depreciation	507,181	42,598	-	549,779
Total capital assets, being depreciated, net	714,309	6,937	-	721,246
Capital assets, net	\$ 714,309	\$ 6,937	\$ -	\$ 721,246

Capital asset activity for the Sheridan County Fair for the year ended June 30, 2020 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	326,317	-	-	326,317
Vehicles	53,250	-	-	53,250
Total capital assets being depreciated	6,204,145	-	-	6,204,145
Less accumulated depreciation for				
Land improvements	2,585,149	88,177	-	2,673,326
Buildings and building improvements	1,564,132	39,487	-	1,603,619
Equipment, grounds keeping	318,588	1,599	-	320,187
Vehicles	53,250	-	-	53,250
Total accumulated depreciation	4,521,119	129,263	-	4,650,382
Capital assets, net	\$ 1,683,026	\$ (129,263)	\$ -	\$ 1,553,763

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 5. Capital Assets (Continued)**

*Component Units (Continued)*

Capital asset activity for the Sheridan County Public Library for the year ended June 30, 2020 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
Construction in progress	-	25,000	-	25,000
Total capital assets not being depreciated	<u>868,461</u>	<u>25,000</u>	<u>-</u>	<u>893,461</u>
Capital assets being depreciated				
Buildings and building improvements	5,373,576	382,296	-	5,755,872
Furnishings and computer equipment	131,935	-	-	131,935
Equipment	42,310	-	-	42,310
Vehicles	48,375	-	-	48,375
Library collection	3,073,189	138,879	189,321	3,022,747
Total capital assets being depreciated	<u>8,669,385</u>	<u>521,175</u>	<u>189,321</u>	<u>9,001,239</u>
Less accumulated depreciation for				
Buildings and building improvements	3,282,842	412,335	-	3,695,177
Furnishings and computer equipment	99,499	6,086	-	105,584
Equipment	28,872	5,375	-	34,247
Vehicles	47,578	797	-	48,375
Library collection	2,343,528	19,840	189,321	2,174,047
Total accumulated depreciation	<u>5,802,319</u>	<u>444,433</u>	<u>189,321</u>	<u>6,057,430</u>
Total capital assets being depreciated, net	<u>2,867,066</u>	<u>76,742</u>	<u>-</u>	<u>2,943,809</u>
Capital assets, net	<u>\$ 3,735,527</u>	<u>\$ 101,742</u>	<u>\$ -</u>	<u>\$ 3,837,270</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 5. Capital Assets (Continued)**

**Component Units (Continued)**

Capital asset activity for the Memorial Hospital of Sheridan County for the year ended June 30, 2020 was as follows:

	Beginning Balance	Transfers and Additions	Transfers and Deletions	Ending Balance
Capital assets, not being depreciated				
Land and land improvements	\$ 7,676,817	\$ 136,652	\$ 495,232	\$ 7,318,237
Construction in progress	880,370	1,948,899	1,829,642	999,627
Total capital assets not being depreciated	<u>8,557,187</u>	<u>2,085,551</u>	<u>2,324,874</u>	<u>8,317,864</u>
Capital assets being depreciated				
Buildings and improvements	76,505,001	-	-	76,505,001
Equipment	50,259,152	2,447,332	458,897	52,247,587
Total capital assets being depreciated	<u>126,764,153</u>	<u>2,447,332</u>	<u>458,897</u>	<u>128,752,588</u>
Less accumulated depreciation	<u>77,006,904</u>	<u>6,770,491</u>	<u>435,219</u>	<u>83,342,176</u>
Total accumulated depreciation	<u>77,006,904</u>	<u>6,770,491</u>	<u>435,219</u>	<u>83,342,176</u>
Total capital assets, being depreciated, net	<u>49,757,249</u>	<u>(4,323,159)</u>	<u>23,678</u>	<u>45,410,412</u>
Capital assets, net	<u>\$ 58,314,436</u>	<u>\$ (2,237,608)</u>	<u>\$ 2,348,552</u>	<u>\$ 53,728,276</u>

At June 30, 2020, construction in progress is made up of the various costs related to information technology and facility upgrade projects. The total expected costs of these projects are approximately \$1,140,000 and they are expected to be completed during fiscal year 2021. These projects are being funded with internal funds.

At June 30, 2020, the cost of equipment recorded as a capital lease is \$1,895,361 and accumulated depreciation is \$657,829.



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 6. Investment in Joint Ventures**

The following joint ventures are included in the Hospital's other assets:

***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 did not contribute to the Dialysis Center in fiscal years 2020 and 2019. There were no distributions from the Dialysis Center in fiscal years 2020 and 2019. The Dialysis Center's accounting period ends December 31. The Hospital's investment in the Dialysis Center includes account activity through June 30, 2020 and 2019.

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

	2020	2019
Beginning balance	\$ 153,414	\$ 114,451
Gain on investment in joint venture	38,754	38,963
Ending balance	<u>\$ 192,168</u>	<u>\$ 153,414</u>

***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 did not make any contributions to the Surgery Center in fiscal years 2020 and 2019, respectively. The Hospital received distributions from the Surgery Center of \$246,800 and \$132,000 in fiscal years 2020 and 2019, respectively. The Surgery Center leases property from the Hospital through February 2022 at an annual lease amount of \$267,000. The Surgery Center's accounting period ends December 31. The Hospital's investment in the Surgery Center includes activity through June 30, 2020.

The Hospital's investment in the Surgery Center consists of the following at June 30, 2020:

	2020	2019
Beginning balance	\$ 810,284	\$ 823,445
Gain on investment in joint venture	184,840	118,839
Distributions	(246,800)	(132,000)
Ending balance	<u>\$ 748,324</u>	<u>\$ 810,284</u>

## SHERIDAN COUNTY, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

#### **Note 7. County Debt**

The Wyoming Constitution (Article 16§3) limits the amount of indebtedness for any County to not more than two percent of the last general assessment. This limit was \$8,991,061 at June 30, 2020. 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, 2020:

	Balance June 30, 2019	New Debt Incurred	Debt Retired	Balance June 30, 2020	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
Capital lease obligations	\$ 676,028	\$ -	\$ 522,245	\$ 153,783	\$ 54,335
Note payable to a bank	703,637	-	161,410	542,227	166,052
State Revolving Fund loan	209,812	-	209,812	-	-
Incurred but not reported claims (Note 12)	250,475	23,182	-	273,657	273,657
Reclamation liability and royalty payments (Note 11)	66,000	-	25,000	41,000	-
Compensated absences (Note 1)	325,013	83,232	-	408,245	30,600
	<u>2,230,965</u>	<u>106,414</u>	<u>918,467</u>	<u>1,418,912</u>	<u>524,644</u>
Net pension liability (Note 8)	10,018,097	-	3,057,156	6,960,941	-
OPEB liability (Note 15)	469,287	-	1,111	468,176	-
	<u>\$ 12,718,349</u>	<u>\$ 106,414</u>	<u>\$ 3,976,734</u>	<u>\$ 8,848,029</u>	<u>\$ 524,644</u>
<b>Business Activities</b>					
Bonds payable	\$ 1,950,000	\$ -	\$ 150,000	\$ 1,800,000	\$ 150,000
Compensated absences	24,968	16,061	-	41,029	-
	<u>1,974,968</u>	<u>16,061</u>	<u>150,000</u>	<u>1,841,029</u>	<u>150,000</u>
Net pension liability (Note 8)	743,545	-	261,614	481,931	-
OPEB liability (Note 15)	27,342	-	65	27,277	-
	<u>\$ 2,745,855</u>	<u>\$ 16,061</u>	<u>\$ 411,679</u>	<u>\$ 2,350,237</u>	<u>\$ 150,000</u>
<b>Component Units</b>					
Note payable to a bank	\$ 9,474,491	\$ -	\$ 683,659	\$ 8,790,832	\$ 931,466
Capital leases	893,354	727,784	375,081	1,246,057	474,133
Compensated absences	72,134	10,367	4,848	77,653	-
	<u>10,439,979</u>	<u>738,151</u>	<u>1,063,588</u>	<u>10,114,542</u>	<u>1,405,599</u>
Net pension liability	1,789,098	-	369,565	1,419,533	-
OPEB liability (Note 15)	100,420	-	238	100,182	-
	<u>\$ 12,329,497</u>	<u>\$ 738,151</u>	<u>\$ 1,433,391</u>	<u>\$ 11,634,257</u>	<u>\$ 1,405,599</u>

All primary government obligations are generally liquidated by the general fund. The reclamation liability and royalty payments are generally liquidated by the Road Construction Fund, and the incurred but not reported liability is liquidated by the Sheridan County Health Benefit Plan Fund.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

***Primary Government***

During the fiscal year ended June 30, 2010, the Wyoming State Loan and Investment Board authorized a \$500,000 loan to the County through the Drinking Water and State Revolving Fund (“DWSRF”) Loan Program. 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. In fiscal year ending June 30, 2020, the County paid off the loan.

***Capital Leases Payable***

Capital lease obligations collateralized by the assets noted as of June 30, 2020 are as follows:

Lease/Purchase obligation on heavy equipment, due in annual installments of \$54,335 including interest of 2.93%, through October 2022	\$ 153,783
	<u>153,783</u>
Less current maturities of capital lease obligations	54,335
	<u>\$ 99,448</u>

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2020 are as follows:

<u>Year ending June 30,</u>	
2021	\$ 54,335
2022	54,335
2023	54,335
Total minimum lease payments	<u>163,005</u>
Less: amount representing interest	9,222
Present value of minimum lease payments	<u>\$ 153,783</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.

***Note Payable***

In March 2004, the County issued a Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 at 4% interest to finance construction of the Sheridan County Law Enforcement Facility. In June 2006, the County issued Sheridan County Joint Powers Law Enforcement Center Lease Revenue Bonds Series A and B in the amount of \$1,400,000 at 4.375% interest and \$400,000 at 4.125% interest, respectively, to refinance the Lease Revenue Bond Anticipation Note, Series 2004 in the amount of \$1,400,000 and to provide additional financing for the jail improvements. In September 2006, U.S.D.A. Rural Housing Service purchased the Lease Revenue Bond Series A and B. In September of 2013, the County refinanced these bonds with the U.S.D.A. Rural Housing Service, for Lease Revenue Bonds Series A and B through a bank. The total amount refinanced was \$1,560,207 payable monthly at \$14,930 including interest at 2.810% due August 2023. The loan is unsecured.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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

*Primary Government (Continued)*

*Note Payable (Continued)*

The scheduled principal and interest payments on the note payable to a bank as of June 30, 2020, are as follows:

<u>Year ending June 30,</u>	<u>Jail Loan Principal</u>	<u>Jail Loan Interest</u>	<u>Total</u>
2020	\$ 166,052	\$ 13,113	\$ 179,165
2021	170,778	8,386	179,164
2022	175,639	3,525	179,164
2023	29,758	104	29,862
	<u>\$ 542,227</u>	<u>\$ 25,128</u>	<u>\$ 567,355</u>

**Revenue Bonds - Sheridan County Airport**

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

A summary of the Airport Fund bonds payable as of June 30, 2020 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	\$ 1,800,000
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The debt requirement on Sheridan County Airport Revenue Bonds as of June 30, 2020, is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 150,000	\$ 47,360	\$ 197,360
2022	175,000	44,115	219,115
2023	175,000	40,186	215,186
2024	200,000	35,710	235,710
2025	200,000	30,540	230,540
2026-2030	900,000	52,395	952,395
	<u>\$ 1,800,000</u>	<u>\$ 250,306</u>	<u>\$ 2,050,306</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

***Component Unit***

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

The Hospital entered into a capital lease agreement for surgical video equipment in fiscal year 2018. Per the lease agreement the Hospital was required to make monthly payments of \$12,307 through March 2021 at a 5.57% interest rate. The capital lease agreement was secured by the leased equipment. The Hospital executed the early buy-out option for this capital lease in fiscal year 2019.

In July 2018, the Hospital entered into a capital lease agreement for spinal navigation equipment at a total cost of \$1,167,577. The Hospital is making monthly payments of \$26,275 through July 2022 at a 4.0% interest rate. The capital lease agreement is secured by the leased equipment.

In October 2019, the Hospital entered into a capital lease agreement for software services at a total cost of \$329,524. The Hospital is making monthly payments of \$9,503 through September 2022 at a 2.65% interest rate. The capital lease agreement is secured by the leased software.

In May 2020, the Hospital entered into two capital lease agreements for printer and copier machines at a total cost of \$308,520 and \$90,010. The Hospital is making monthly payments of \$6,176 and \$1,828, respectively, through May 2025 at a 7.46% and 8.06% interest rate. The capital lease agreements are secured by leased equipment.

The scheduled maturities for the Hospital's capital lease obligations as of June 30, 2020 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 474,133	\$ 51,255	\$ 525,388
2022	494,548	30,842	525,390
2023	111,912	16,036	127,948
2024	86,439	9,608	96,047
2025	79,025	2,847	81,872
Total minimum payments	<u>\$ 1,246,057</u>	<u>\$ 110,588</u>	<u>\$ 1,356,645</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. On November 28, 2018, the unsecured promissory note converted to a 10-year term loan with monthly principal and interest payments of \$92,816 due through November 28, 2028.

Scheduled principal and interest payments on the long term debt are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 931,466	\$ 183,528	\$ 1,114,994
2022	951,625	163,368	1,114,993
2023	972,773	142,220	1,114,993
2024	994,072	120,921	1,114,993
2025	1,016,483	98,510	1,114,993
Thereafter	3,924,413	163,145	4,087,558
Total minimum payments	<u>\$ 8,790,832</u>	<u>\$ 871,692</u>	<u>\$ 9,662,524</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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

***Primary Government***

***Operating Leases***

The County leases certain copiers under non-cancelable operating leases. For the year ended June 30, 2020, rental expense was \$38,313.

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

<u>Year ending June 30,</u>	<u>Operating Leases</u>
2021	\$ 38,313
2022	38,313
2023	25,542
	<u>\$ 102,168</u>

The general fund is responsible for payment of the operating lease obligations.

***Component Units***

***Operating Leases***

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, 2020 was approximately \$974,000.

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

<u>Year ending June 30,</u>	<u>Operating Leases</u>
2021	\$ 330,169
2022	250,292
2023	229,153
2024	19,135
Total	<u>\$ 828,749</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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**Note 8. Defined Benefit Pension Plans**

***Pension Plans Fiduciary Net Position***

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

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 defined benefit, contributory retirement plan 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 8.75% of their annual covered salary and the County is required to contribute 8.87% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The County currently pays 11.00% of the required contribution and the employees contribute the remaining portion, 6.62%.

The County's contributions to the PEPP for the years ended June 30, 2020, 2019 and 2018 were \$555,698, \$485,910, and \$408,164 respectively while the employees' portion was \$334,429, \$308,784, and \$270,204, respectively, equal to the required contributions for each year. As of July 1, 2020, the employer contribution will increase by 0.50% from 11.00% to 11.50% and the employee contribution rate will not increase and remain at 6.62%.

The Weed and Pest and the Library component units currently pay all of the required employee's contribution. The Fair pays 11% of the required 17.62% 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, 2020, 2019 and 2018 were \$177,372, \$166,602, and \$153,190 respectively and the employees' contributions were \$13,212, \$11,745, and \$12,024, respectively, equal to the required contributions for each year. As of July 1, 2020, the employer contribution will increase by 0.50% from 11.00% to 11.50% and the employee contribution rate will remain the same at 6.62%.

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 (first contributions on or after September 1, 2012), 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 on the basis that the sum of the member's age and service is at least 85.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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**Note 8. Defined Benefit Pension Plans (Continued)**

***Public Employees' Pension Plan (Continued)***

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).

***Law Enforcement Pension Plan***

The County participates in the Law Enforcement Pension Plan (LEPP), a state-wide, cost sharing, multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. The LEPP covers 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 LEPP 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 Plan at any time and receive refunds of participant contributions plus accumulated interest.

The LEPP 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, 2020, the percentages to be contributed on compensation were 8.60% for the employees and the same for the County. The County currently contributes 10.50% of the required contribution and the employees contribute the remaining portion, 6.70%.

For the years ended June 30, 2020, 2019 and 2018, the contributions to the Law Enforcement Pension Plan were \$339,761, \$322,665, and \$297,913, respectively, equal to the required contributions for each year. The County's portion of these contributions were \$207,412, \$196,975, and \$171,473, respectively and the employees' contributions were \$132,349, \$125,690, and \$126,440, respectively, equal to the required contributions for each year.



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**Note 8. Defined Benefit Pension Plans (Continued)**

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

At June 30, 2020, the County reported a total liability of \$7,442,872 for its proportionate share of the net pension liability. The County's component units: Weed and Pest, Fair, and Library reported \$220,926, \$250,422, and \$948,185, respectively, for their proportionate share on the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2019, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2019 is based on the results of an actuarial valuation as of January 1, 2019, rolled forward to a measurement date of December 31, 2019, and taking into consideration information from the recent experience study.

The schedule below shows the County's and each of its component units' liability proportionate share of the net pension liability at June 30, 2020, the proportionate portion at the measurement date of December 31, 2019, and the change in the proportion from the previous measurement date:

	Pension liability at June 30, 2020	Proportion at December 31, 2019	Increase (decrease) from December 31, 2018
Public Employees' Pension Plan County	\$ 6,402,342	0.272448644%	0.010671819%
Weed and Pest	\$ 220,926	0.009401398%	-0.000241724%
Fair	\$ 250,422	0.010656578%	0.000391210%
Library	\$ 948,185	0.040349579%	0.001508412%
Law Enforcement Pension Plan County - Sheriff	\$ 1,040,530	1.207128751%	0.054672900%

For the year ended June 30, 2020, the County and its component units Weed and Pest, Fair, and Library recognized pension expense of \$1,480,836, \$37,055, \$48,505, and \$183,808, respectively.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**Note 8. Defined Benefit Pension Plans (Continued)**

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

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources		Total	Total		
	PEPP	LEPP			Outflows	(Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ 1,208,570	\$(2,175,998)	\$ 462,128	\$ (841,340)	\$ 1,670,698	\$(3,017,338)
Changes in assumption	208,676	-	819,256	(1,038,872)	1,027,932	(1,038,872)
Difference between actual and expected experience rate	-	(120,281)	185,122	(81,326)	185,122	(201,607)
Change in employer's proportion	330,729	-	67,199	-	397,928	-
Amortizing deferred outflows and deferred (inflows)	\$ 1,747,975	\$(2,296,279)	\$ 1,533,705	\$(1,961,538)	\$ 3,281,680	\$(4,257,817)
Contributions subsequent to the measurement date	448,280	-	155,415	-	603,695	-
Total	<u>\$ 2,196,255</u>	<u>\$(2,296,279)</u>	<u>\$ 1,689,120</u>	<u>\$(1,961,538)</u>	<u>\$ 3,885,375</u>	<u>\$(4,257,817)</u>

The County reported \$603,695 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date; which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 8. 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 expense as follows:

Year ended June 30,	Primary Government		
	Deferred Outflows		
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Plan Total
2021	\$ 727,539	\$ 594,471	\$ 1,322,010
2022	555,824	556,703	1,112,527
2023	464,612	356,016	820,628
2024	-	26,515	26,515
	\$ 1,747,975	\$ 1,533,705	\$ 3,281,680

Year ended June 30,	Primary government		
	Deferred Inflows		
	Public Employees'	Law Enforcement	Plan Total
2021	\$ (731,833)	\$ (601,123)	\$ (1,332,956)
2022	(704,407)	(590,470)	(1,294,877)
2023	(433,177)	(483,902)	(917,079)
2024	(426,862)	(286,043)	(712,905)
	\$ (2,296,279)	\$ (1,961,538)	\$ (4,257,817)

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 8. 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 \$17,126, \$16,730, and \$62,630, 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows	Deferred (Inflows)
<b>Weed and Pest</b>		
Net difference between projected and actual earnings on pension plan investments	\$ 44,541	\$ (76,995)
Changes in assumptions	8,051	-
Difference between actual and expected experience rate	-	(4,468)
Change in employer's proportion	1,613	(5,404)
Amortizing deferred outflows and deferred inflows	54,205	(86,867)
Contributions subsequent to the measurement date	17,126	-
Total	\$ 71,331	\$ (86,867)
<b>Fair</b>		
Net difference between projected and actual earnings on pension plan investments	\$ 47,449	\$ (86,409)
Changes in assumptions	8,740	-
Difference between actual and expected experience rate	-	(4,824)
Change in employer's proportion	7,423	(3,226)
Amortizing deferred outflows and deferred inflows	63,612	(94,459)
Contributions subsequent to the measurement date	16,730	-
Total	\$ 80,342	\$ (94,459)
<b>Library</b>		
Net difference between projected and actual earnings on pension plan investments	\$ 179,257	\$ (319,494)
Changes in assumptions	29,671	-
Difference between actual and expected experience rate	-	(17,591)
Change in employer's proportion	62,257	(854)
Amortizing deferred outflows and deferred inflows	271,185	(337,939)
Contributions subsequent to the measurement date	62,630	-
Total	\$ 333,815	\$ (337,939)

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 8. 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)	
2021	\$ 23,384	\$ (28,377)	\$ 26,181	\$ (30,942)	\$ 112,405	\$ (107,660)
2022	16,198	(27,319)	19,488	(29,877)	89,849	(102,907)
2023	14,623	(16,442)	17,943	(16,943)	68,931	(64,154)
2024	-	(14,729)	-	(16,697)	-	(63,218)
	<u>\$ 54,205</u>	<u>\$ (86,867)</u>	<u>\$ 63,612</u>	<u>\$ (94,459)</u>	<u>\$ 271,185</u>	<u>\$ (337,939)</u>

***Actuarial Assumptions***

The total pension liability at the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement date:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization method	29 years
Asset valuation method	5 Year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.50% to 6.50%, including inflation
LEPP	4.75% to 8.75%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment net rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012-2016
Post-Retirement Mortality (PEPP and LEPP)	RP-2014 Health Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality (PEPP and LEPP)	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**Note 8. Defined Benefit Pension Plans (Continued)**

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

***Actuarial Assumptions (Continued)***

The plan’s trustees adopted the assumed rate of investment return after considering input from the plan’s investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2019. In addition, a five year experience study was completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long term rates for inflation and the real rate of return. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2019. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
Total	100.00%	3.99%	5.30%

***Discount Rate***

The discount rate used to measure the Public Employees Plan and the Law Enforcement Plan total pension liability was 7.00 percent. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for the use with the long-term expected rate of return are not met).

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from the Federal Reserve statistical release (H.15)); and the resulting single discount rates listed above.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 8. Defined Benefit Pension Plans (Continued)**

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

The following table presents the County's proportionate share of the net unfunded pension liability for each plan calculated using the discount rate applicable, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Pension Plan	1% Decrease (6.00)%	Current Single Discount Rate Assumption (7.00)%	1% Increase (8.00)%
Public Employees' Pension Plan	\$ 9,672,859	\$ 6,402,342	\$ 3,672,795
Component Units			
Weed & Pest	338,782	220,926	126,737
Fair	378,345	250,422	143,658
Library	1,432,548	948,185	543,940
Pension Plan	(6.00)%	(7.00)%	(8.00)%
Law Enforcement Pension Plan	2,319,694	1,040,530	(5,163)

***Payables to the Pension Plan*** – At June 30, 2020, the County and component units did not have any payables to the pension plans.

**Note 9. 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.

***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 plans.

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, 2020, 2019, and 2018 were \$2,350,023, \$2,278,349, and \$2,254,471, respectively.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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**Note 9. Deferred Compensation Plans and Hospital Pension Plan (Continued)**

***Memorial Hospital of Sheridan County (Continued)***

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, 2020, 2019, and 2018 were \$3,275,506, \$2,930,379, and \$2,724,629, 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, 2020, 2019, and 2018 was \$149,500, \$135,500, and \$83,500, respectively.

**Note 10. Fund Equity**

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

At June 30, 2020, the County had the following assignments of general fund balance:

Business incubator	\$ 33,760
Courthouse maintenance	1,000,000
Law enforcement center	110,000
Economic development	1,310,000
Emergency	480,000
Equipment/depreciation	125,000
County reserve	2,081,700
Legal/insurance	100,000
Health insurance claims	300,000
Information and technology	250,000
Law enforcement/detention center	850,000
Road and bridge	200,000
	<hr/>
	<u>\$ 6,840,460</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.

To comply with Wyoming Statute 31-13-101, \$10,000 has been restricted for the abandoned vehicles reserve.



**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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**Note 10. Fund Equity (Continued)**

The Memorial Hospital of Sheridan County has restricted, nonexpendable net assets of \$1,037,289 as of June 30, 2020, 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 \$8,011,356 as of June 30, 2020.

The Sheridan County Library has restricted, nonexpendable net assets of \$1,793,137 as of June 30, 2020, that represent funds restricted by donors in perpetuity.

**Note 11. Commitments and Contingencies**

As of June 30, 2020, the County and the Airport had approximately \$1,295,885 and \$40,661 respectively, in outstanding contract commitments relating to various construction projects still 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, 2020, 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, 2020, the County's estimated liability for the reclamation of the active gravel pits is \$41,000. The estimated liability was 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.

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.

During the year ended June 30, 2020, the World Health Organization declared the outbreak of the COVID-19 as a "Public Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and impacting individuals in the United States and the world. The extent of the impact of COVID-19 on the Board's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on taxpayers, state funding decisions, employees and vendors.

## SHERIDAN COUNTY, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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#### **Note 11. Commitments and Contingencies (Continued)**

Given the significant impact the pandemic had on global markets, supply chains, business and communities, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers. Total grant funds approved and received by the Hospital from these grants was \$7,315,815. The HHS grant funds are subject to certain restrictions on eligible expenses or uses and reporting requirements. Of the total amount received, \$5,364,873 is reported as Other Noncapital Grants and Contributions in the statements of revenues, expenses, and changes in net position and the remaining \$1,950,942 is reported as Unearned Revenue in the statements of net position.

The Hospital has incurred recurring losses from operations over the last three years. During fiscal year 2019, the Hospital significantly decreased its operating loss from the prior year. In fiscal year 2020, the Hospital saw a large increase in its operating loss because of the significant declines in patient revenues because of the COVID-19 pandemic. The Hospital has taken many steps to manage costs and decrease its operating loss. These steps include the evaluation of service lines, labor efficiency, and evaluation technology used in the course of care. The Hospital has and continues to monitor staffing levels and make adjustments where necessary to control costs.

#### **Note 12. 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 (Wyoming Statute §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 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 \$127,216 and \$59,359 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 2020 and 2019 were approximately \$117,000 and \$125,000, respectively.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 12. Risk Management (Continued)**

Wyoming Statute §27-3-101 created the Wyoming Unemployment Compensation Act. This Act requires the County to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2020 and 2019 were as follows for the County's participation in the Unemployment Compensation Act Program.

	2020	2019
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	11,885	10,372
Claims paid	(11,885)	(10,372)
Unpaid claims, end of year	\$ -	\$ -

The County also provides 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 \$349,000. 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, 2020 and 2019 are as follows:

	2020	2019
Health care risk management liability, beginning of year	\$ 250,475	\$ 222,993
Claims incurred	2,638,966	2,506,901
Claims paid	(2,615,784)	(2,479,419)
Health care risk management liability, end of year	\$ 273,657	\$ 250,475

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 nor the County's risk management programs during the year ended June 30, 2020.

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 \$125,000 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, 2020 and 2019 was approximately \$605,000 and \$624,000, respectively.

For the year ended June 30, 2020 and 2019, the Hospital incurred expenses of \$4,585,339 and \$5,475,423, respectively, for employee health insurance.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 13. Transactions with Related Parties and with Component Units**

During the fiscal year ended June 30, 2020, the County provided \$420,000, \$240,000, \$1,270,000 in support to the Sheridan County Fair, Memorial Hospital of Sheridan County, and Sheridan County Public Library, respectively. These component units reimbursed the County approximately \$400,939 for health insurance premiums paid by the County.

**Note 14. Other Postemployment Benefits (OPEB)**

***Plan Description***

Sheridan County provides a single-employer defined post-employment health care plan that covers eligible retired employees of the County and its component units. An employee must have 4 or more years of service and reach the age 50 or have a minimum of 20 years of service to enroll in the plan. Coverage continues until the earlier of reaching Medicare eligibility, age 65, or death. Dependents may also enroll in the plan and their coverage ceases upon the termination of the retiree’s coverage or upon reaching Medicare eligibility or age 65. The plan is self-funded and is administered by UMR. No assets for this plan have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

***Benefits Provided***

The County provides medical benefits for retirees, not including dental or vision. The retiree benefits are the same as those provided for active employees. One medical plan is offered, which has three tiers that vary by provider network and cost sharing. Deductibles range from \$675 to \$1,075 for individuals and \$1,550 to \$1,950 for families, depending on the tier. The maximum out-of-pocket is \$2,800 for individuals and \$5,600 for families, regardless of tier. Coinsurance varies by tier and service. The medical deductibles do not apply to prescription drug benefits, which are generally covered with 20% coinsurance.

***Contributions***

Retirees pay 100% of their total premium. There is no explicit County contribution for retirees. The monthly premiums for retirees are shown in the table below.

Coverage Category	Monthly Premium Rate	
	FY 18-19	FY 19-20
Retiree only	\$ 554	\$ 626
Retiree and children	1,008	1,140
Retiree and spouse	1,230	1,390
Retiree and family	1,685	1,904

***Employees Covered by Benefit Terms***

As of June 30, 2020 the number of active and inactive employees covered by the plan was as follows:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	137
Total	138

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 14. Other Postemployment Benefits (OPEB) (Continued)**

***Total OPEB Liability***

The County, Fair and Library's total OPEB liability was \$495,453, \$27,653 and \$72,529 as of June 30, 2020 and was determined by an actuarial valuation as of that date.

***Change in Net OPEB Liability***

	County OPEB Liability	Fair OPEB Liability	Library OPEB Liability
Balance at June 30, 2019	\$ 496,629	\$ 27,719	\$ 72,701
Changes for the year:			
Service cost	52,245	2,916	7,648
Interest	13,210	737	1,934
Difference between expected and actual experience	(35,647)	(1,990)	(5,219)
Changes in assumption	(25,106)	(1,401)	(3,675)
Employer contributions	(5,878)	(328)	(860)
Net changes	(1,176)	(66)	(172)
Balance at June 30, 2020	\$ 495,453	\$ 27,653	\$ 72,529

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions and Other Inputs

Salary increase	2.50%
Discount rate	2.66%
Healthcare cost trend rates	5.90% decreasing 0.20% per year to an ultimate rate of 5.00% for 2025 and beyond

The discount rate was based on the single equivalent rate which results in the same present value as discounting future benefit payments funded on a pay-as-you-go basis on the municipal bond 20-year index rate.

Mortality rates were based on the RP-2014 Mortality Table, fully generational projected with scale MP-2017, consistent with Wyoming Retirement System pension valuation as of January 1, 2019.

As the plan is funded on a pay-as-you-go-basis, there is no long-term expected rate of return or inflation rate.

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 14. Other Postemployment Benefits (OPEB) (Continued)**

***Sensitivity of the Total OPEB Liability***

The following table present the total OPEB liability of the County, Library and Fair, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate.

Sensitivity of the total OPEB liability to changes in the discount rate

OPEB Liability	1% Decrease	Current	1% Increase
	1.66%	2.66%	3.66%
County	\$ 509,842	\$ 495,453	\$ 430,077
Fair	30,233	27,653	25,503
Library	7,902	72,529	66,656

The following table presents the total OPEB liability of the County, Library and Fair, as well as what the total OPEB liability would be if it were calculated using a medical trend rate that is 1-percentage-point lower or higher than the current trend rate.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

OPEB Liability	1% Decrease	Current	1% Increase
	4.90%	5.90%	6.90%
County	\$ 405,502	\$ 495,453	\$ 543,856
Fair	24,046	27,653	32,250
Library	62,847	72,529	84,290

***OPEB Expense and Deferred Inflows and Outflows of Resources related to OPEB***

For the year ended June 30, 2020, the County, Fair and Library recognized OPEB expense of \$50,972, \$3,714 and \$9,712, respectively. At June 30, 2020, the County, Fair and Library reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources

	County	Fair	Library
Differences between expected and actual experience	\$ (264,522)	\$ (13,105)	\$ (34,221)
Changes in assumptions	(150,456)	(1,695)	(4,430)
	<u>\$ (414,978)</u>	<u>\$ (14,800)</u>	<u>\$ (38,651)</u>

Deferred Outflows of Resources

	County	Fair	Library
Changes in assumptions	\$ 17,394	\$ 1,080	\$ 2,967
	<u>\$ 17,394</u>	<u>\$ 1,080</u>	<u>\$ 2,967</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**Note 14. Other Postemployment Benefits (Continued)**

***OPEB Expense and Deferred Inflows of Resources related to OPEB***

Amounts reported as deferred inflows of resources related to OPEB for the County, Fair and Library, will be recognized in OPEB expense as follows:

Year ended June 30,	Deferred Inflows		
	County	Fair	Library
2021	\$ (105,516)	\$ (3,823)	\$ (9,971)
2022	(105,516)	(3,823)	(9,971)
2023	(95,320)	(3,388)	(8,842)
2024	(69,619)	(2,291)	(5,996)
2025	(33,316)	(1,158)	(3,037)
2026	(5,691)	(317)	(834)
	<u>\$ (414,978)</u>	<u>\$ (14,800)</u>	<u>\$ (38,651)</u>

  

Year ended June 30,	Deferred Outflows		
	County	Fair	Library
2021	\$ 6,401	\$ 349	\$ 941
2022	6,401	349	941
2023	4,344	261	713
2024	166	83	251
2025	82	38	121
	<u>\$ 17,394</u>	<u>\$ 1,080</u>	<u>\$ 2,967</u>

**Note 15. 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, 2019. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postpones the effective dates for GASB Statement No. 84 for one year from their original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. Management has not concluded its assessment of the effect of implementing this guidance.

GASB 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 June 15, 2021. GASB Statement No.95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postpones the effective dates for GASB Statement No. 87 for one year from their original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. Management has not concluded its assessment of the effect of implementing this guidance.

**SHERIDAN COUNTY, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2020

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**Note 15. Issued Standards Not Yet Implemented (Continued)**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, *Leases*. This standard (a) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; (b) requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and (c) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management has not yet completed its assessment of the effects of implementing this standard.



**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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## SHERIDAN COUNTY, WYOMING

### INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (Unaudited)

June 30, 2020

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:

2020 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	19.50	75%	321	75%	-	0%
Sub-standard	6.30	25%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>25.80</u>	<u>100%</u>	<u>441</u>	<u>100%</u>	<u>74</u>	<u>100%</u>
2019 Condition Rating	Paved		Gravel		Dirt/Unimproved	
	Miles	Percent	Miles	Percent	Miles	Percent
Standard	19.00	74%	321	75%	-	0%
Sub-standard	6.80	26%	120	25%	-	0%
Unimproved	-	0%	-	0%	74	100%
	<u>25.80</u>	<u>100%</u>	<u>441</u>	<u>100%</u>	<u>74</u>	<u>100%</u>
2018 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>

See accompanying notes to required supplementary information

## SHERIDAN COUNTY, WYOMING

### INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (Unaudited)

June 30, 2020

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:

	2020	
Condition Rating	Bridges	Percent
Acceptable (80 to 100 points)	27	70.00%
Borderline (50 to 80 points)	6	15.00%
Deficient (less than 50 points)	6	15.00%
	39	100.00%
	2019	
Condition Rating	Bridges	Percent
Acceptable (80 to 100 points)	27	70.00%
Borderline (50 to 80 points)	6	15.00%
Deficient (less than 50 points)	6	15.00%
	39	100.00%
	2018	
Condition Rating	Bridges	Percent
Acceptable (80 to 100 points)	27	70.00%
Borderline (50 to 80 points)	6	15.00%
Deficient (less than 50 points)	6	15.00%
	39	100.00%

See accompanying notes to required supplementary information

**SHERIDAN COUNTY, WYOMING**

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH  
(Unaudited)**

June 30, 2020

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	-	-	-
2018	2,749,460	1,896,243	853,217	-	-	-
2019	2,770,734	2,592,806	177,928	-	-	-
2020	2,571,806	2,176,177	395,629	21,000	1,419	19,581

See accompanying notes to required supplementary information

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**SHERIDAN COUNTY, WYOMING**

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

(Unaudited)

Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues</b>				
Taxes	\$ 13,345,863	\$ 14,265,863	\$ 14,412,044	\$ 146,181
Licenses and permits	243,350	243,350	307,533	64,183
Charges for services	1,152,450	1,152,450	1,268,894	116,444
Miscellaneous	143,000	143,000	306,620	163,620
One cent optional tax	1,945,000	2,125,000	2,133,997	8,997
Enhanced emergency 911 tax	285,650	309,650	309,639	(11)
Grant revenue	1,836,766	2,366,377	1,593,641	(772,736)
WIC	12,707	12,707	6,135	(6,572)
Rents, royalties, interest and fines	140,000	146,000	87,371	(58,629)
Sale of assets	25,000	25,000	20,676	(4,324)
Transfer from Capital Facilities				
Tax/Road Construction Funds	275,000	275,000	229,591	(45,409)
<b>Total revenues</b>	<b>19,404,786</b>	<b>21,064,397</b>	<b>20,676,141</b>	<b>(388,256)</b>
<b>Expenditures</b>				
County commissioners	299,115	299,115	294,150	4,965
County clerk	670,824	670,824	669,619	1,205
Elections	174,280	174,280	102,553	71,727
Administration	286,586	286,586	282,722	3,864
County treasurer	452,622	453,622	453,587	35
County assessor	593,374	596,374	595,982	392
County attorney	889,298	889,298	835,022	54,276
County coroner	171,525	171,525	149,767	21,758
Clerk of district court	503,056	510,056	509,547	509
Building and maintenance	370,783	370,783	343,413	27,370
Information technology	645,677	645,677	576,671	69,006
Fixed costs	2,564,000	2,564,000	2,424,972	139,028
One cent optional	1,945,000	2,139,000	2,133,997	5,003
General government	9,566,140	9,771,140	9,372,002	399,138
County sheriff	2,083,115	2,083,115	2,051,521	31,594
Detention center	2,860,120	2,860,120	2,759,418	100,702
E911	299,062	305,162	300,849	4,313
Emergency management	60,947	60,947	48,355	12,592
Public safety	5,303,244	5,309,344	5,160,143	149,201

(Continued)

See accompanying notes 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, 2020

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public works	\$ 813,813	\$ 813,813	\$ 806,935	\$ 6,878
Road and bridge	1,014,432	1,014,432	957,596	56,836
Public works	1,828,245	1,828,245	1,764,531	63,714
WIC	12,707	12,707	7,126	5,581
Community health	436,511	436,511	349,460	87,051
Health, welfare and recreation	449,218	449,218	356,586	92,632
County extension	115,879	115,879	102,087	13,792
Conservation of natural resources	115,879	115,879	102,087	13,792
Capital funding	1,059,985	1,059,985	645,450	414,535
Capital outlay	1,059,985	1,059,985	645,450	414,535
Grants	1,606,360	2,158,721	1,613,136	545,585
Grants	1,606,360	2,158,721	1,613,136	545,585
Total expenditures	19,929,071	20,692,532	19,013,935	1,678,597
Excess (deficiency) of revenues over expenditures	(524,285)	371,865	1,662,206	1,290,341
Net change in fund balance	(524,285)	371,865	1,662,206	<u>\$ 1,290,341</u>
Fund balance, beginning of year	9,261,340	9,261,340	9,261,340	
Fund balance, end of year	<u>\$ 8,737,055</u>	<u>\$ 9,633,205</u>	<u>\$ 10,923,546</u>	

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.

See accompanying notes to required supplementary information



**SHERIDAN COUNTY, WYOMING**

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

CAPITAL FACILITIES TAX FUND

(Unaudited)

Year Ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,810,000	\$ 1,810,000	\$ 1,968,044	\$ 158,044
Transfers in	710,000	1,010,000	300,000	(710,000)
Intergovernmental	-	-	427	427
Investment income	25,000	25,000	40,238	15,238
	<u>2,545,000</u>	<u>2,845,000</u>	<u>2,308,709</u>	<u>(536,291)</u>
Expenditures				
Capital outlay	2,017,806	2,317,806	1,949,832	367,974
Transfer to General Fund	275,000	275,000	227,764	47,236
Total expenditures	<u>2,292,806</u>	<u>2,592,806</u>	<u>2,177,596</u>	<u>415,210</u>
Excess (deficiency) of revenues over expenditures	<u>252,194</u>	<u>252,194</u>	<u>131,113</u>	<u>(121,081)</u>
Net change in fund balance	252,194	252,194	131,113	<u>\$ (121,081)</u>
Fund balance, beginning of year	<u>2,439,867</u>	<u>2,439,867</u>	<u>2,439,867</u>	
Fund balance, end of year	<u>\$ 2,692,061</u>	<u>\$ 2,692,061</u>	<u>\$ 2,570,980</u>	

See accompanying notes to required supplementary information

## SHERIDAN COUNTY, WYOMING

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years\*\*  
(Unaudited)

	2020	2019	2018
<b>Public Employees' Pension Plan - County</b>			
Proportion of the net pension liability	0.272448644%	0.261776800%	0.251952388%
Proportionate share of the net pension liability	\$ 6,402,342	\$ 7,971,866	\$ 5,742,854
Covered payroll	\$ 4,735,737	\$ 4,558,462	\$ 4,475,626
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
<b>Law Enforcement Pension Plan - County</b>			
Proportion of the net pension liability	1.207128751%	1.152455852%	1.110261852%
Proportionate share of the net pension liability	\$ 1,040,530	\$ 2,789,776	\$ 955,318
Covered payroll	\$ 1,881,328	\$ 1,750,565	\$ 1,704,775
Proportionate share of the net pension liability as a percentage of its covered payroll	55.31%	159.36%	56.04%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%
<b>Public Employees Pension Plan - Component Units</b>			
<b>Weed and Pest</b>			
Proportion of the net pension liability	0.009401398%	0.009643121%	0.009720069%
Proportionate share of the net pension liability	\$ 220,926	\$ 293,661	\$ 221,553
Covered payroll	\$ 163,416	\$ 167,921	\$ 172,665
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
<b>Fair</b>			
Proportion of the net pension liability	0.010656578%	0.010265369%	0.010552132%
Proportionate share of the net pension liability	\$ 250,422	\$ 312,610	\$ 240,519
Covered payroll	\$ 185,234	\$ 178,756	\$ 187,446
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
<b>Library</b>			
Proportion of the net pension liability	0.040349579%	0.038841167%	0.035824242%
Proportionate share of the net pension liability	\$ 948,185	\$ 1,182,827	\$ 816,556
Covered payroll	\$ 701,362	\$ 676,362	\$ 636,374
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%

\* 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 notes to required supplementary information

2017	2016	2015	2014	2013	2012	2011
0.248525100%	0.266812354%	0.255425552%	*	*	*	*
\$ 6,008,095	\$ 6,214,988	\$ 4,507,475	*	*	*	*
\$ 4,430,967	\$ 4,653,405	\$ 4,366,276	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
1.066060300%	1.102343047%	1.170668484%	*	*	*	*
\$ 804,789	\$ 828,080	\$ 344,923	*	*	*	*
\$ 1,650,040	\$ 1,657,921	\$ 1,730,141	*	*	*	*
48.77%	49.95%	19.94%	*	*	*	*
88.11%	87.49%	94.76%	*	*	*	*
0.009441600%	0.010918868%	0.011043182%	*	*	*	*
\$ 228,250	\$ 254,338	\$ 194,878	*	*	*	*
\$ 168,335	\$ 190,433	\$ 188,774	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
0.010538600%	0.011074179%	0.011129366%	*	*	*	*
\$ 254,171	\$ 257,956	\$ 196,399	*	*	*	*
\$ 187,893	\$ 193,142	\$ 190,247	*	*	*	*
135.27%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
0.035971500%	0.037862286%	0.038026982%	*	*	*	*
\$ 869,611	\$ 881,944	\$ 671,059	*	*	*	*
\$ 641,338	\$ 660,346	\$ 650,038	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*

**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Fiscal Years  
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Public Employees' Pension Plan - County</b>			
Contractually required contribution	\$ 890,127	\$ 794,694	\$ 678,368
Contributions in relations to the contractually required contributions	<u>(890,127)</u>	<u>(794,694)</u>	<u>(678,368)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,051,799	\$ 4,641,904	\$ 4,447,298
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%
<b>Law Enforcement Pension Plan - County</b>			
Contractually required contribution	\$ 339,761	\$ 322,665	\$ 297,913
Contributions in relations to the contractually required contributions	<u>(339,761)</u>	<u>(322,665)</u>	<u>(297,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,975,355	\$ 1,875,959	\$ 1,705,172
Contributions as a percentage of covered payroll	17.20%	17.20%	17.44%
<b>Public Employees Pension Plan - Component Units</b>			
<b>Weed and Pest</b>			
Contractually required contribution	\$ 29,054	\$ 27,581	\$ 29,305
Contributions in relations to the contractually required contributions	<u>(29,054)</u>	<u>(27,581)</u>	<u>(29,305)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 164,892	\$ 161,104	\$ 176,324
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%
<b>Fair</b>			
Contractually required contribution	\$ 34,848	\$ 30,192	\$ 30,186
Contributions in relations to the contractually required contributions	<u>(34,848)</u>	<u>(30,192)</u>	<u>(30,186)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 197,775	\$ 176,355	\$ 181,625
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%
<b>Library</b>			
Contractually required contribution	\$ 126,682	\$ 120,575	\$ 105,722
Contributions in relations to the contractually required contributions	<u>(126,682)</u>	<u>(120,575)</u>	<u>(105,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 718,967	\$ 704,293	\$ 636,113
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%

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

See accompanying notes to required supplementary information

2017	2016	2015	2014	2013	2012	2011
\$ 680,412	\$ 694,028	\$ 690,160	*	*	*	*
(680,412)	(694,028)	(690,160)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 4,093,935	\$ 4,175,860	\$ 4,348,834	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 292,104	\$ 284,805	\$ 338,222	*	*	*	*
(292,104)	(284,805)	(338,222)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 1,650,305	\$ 1,657,771	\$ 1,730,036	*	*	*	*
17.70%	17.18%	19.55%	*	*	*	*
\$ 27,416	\$ 31,668	\$ 29,273	*	*	*	*
(27,416)	(31,668)	(29,273)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 164,958	\$ 190,542	\$ 184,455	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 31,695	\$ 32,118	\$ 29,501	*	*	*	*
(31,695)	(32,118)	(29,501)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 190,704	\$ 193,249	\$ 185,892	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 104,901	\$ 109,810	\$ 100,800	*	*	*	*
(104,901)	(109,810)	(100,800)	*	*	*	*
\$ -	\$ -	\$ -	*	*	*	*
\$ 631,173	\$ 660,710	\$ 635,161	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*

## SHERIDAN COUNTY, WYOMING

### SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years\*\*  
(Unaudited)

	2020	2019	2018
<b>Total OPEB Liability - County</b>			
Service cost	\$ 52,245	\$ 55,580	\$ 73,177
Interest	13,210	22,780	25,907
Differences between expected and actual experience	(35,647)	(156,205)	(79,522)
Changes in assumptions and other inputs	(25,106)	(168,596)	(21,507)
Benefit payments	(5,878)	(5,617)	(285)
Net change in OPEB liability	(1,176)	(252,058)	(2,230)
Total OPEB liability - beginning	496,629	748,686	750,916
Total OPEB liability - ending	495,453	496,629	748,686
Covered payroll	6,192,228	6,041,198	6,162,151
Total liability as a percentage of covered payroll	6.28%	6.44%	10.58%
<b>Total OPEB Liability - Library</b>			
Service cost	7,648	8,136	8,141
Interest	1,934	3,335	2,882
Differences between expected and actual experience	(5,219)	(22,867)	(8,847)
Changes in assumptions and other inputs	(3,675)	1,624	(2,392)
Benefit payments	(860)	(822)	(32)
Net change in OPEB liability	(172)	(10,594)	(248)
Total OPEB liability - beginning	72,701	83,295	83,543
Total OPEB liability - ending	72,529	72,701	83,295
Covered payroll	907,142	885,016	682,314
Total liability as a percentage of covered payroll	0.92%	0.94%	1.17%
<b>Total OPEB Liability - Fair</b>			
Service cost	2,916	3,102	3,112
Interest	737	1,271	1,102
Differences between expected and actual experience	(1,990)	(8,718)	(3,382)
Changes in assumptions and other inputs	(1,401)	535	(915)
Benefit payments	(328)	(313)	(12)
Net change in OPEB liability	(66)	(4,123)	(95)
Total OPEB liability - beginning	27,719	31,842	31,937
Total OPEB liability - ending	27,653	27,719	31,842
Covered payroll	347,080	338,615	262,975
Total liability as a percentage of covered payroll	0.35%	0.36%	0.45%

\*Information for years prior to 2017 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 notes to required supplementary information

2017	2016	2015	2014	2013	2012	2011
\$ 80,746	*	*	*	*	*	*
25,343	*	*	*	*	*	*
(206,019)	*	*	*	*	*	*
41,583	*	*	*	*	*	*
(434)	*	*	*	*	*	*
<u>(58,781)</u>	*	*	*	*	*	*
809,697	*	*	*	*	*	*
750,916	*	*	*	*	*	*
6,041,324	*	*	*	*	*	*
10.75%	*	*	*	*	*	*
8,983	*	*	*	*	*	*
2,820	*	*	*	*	*	*
(22,921)	*	*	*	*	*	*
4,626	*	*	*	*	*	*
(48)	*	*	*	*	*	*
<u>(6,540)</u>	*	*	*	*	*	*
90,083	*	*	*	*	*	*
83,543	*	*	*	*	*	*
668,936	*	*	*	*	*	*
1.19%	*	*	*	*	*	*
3,434	*	*	*	*	*	*
1,078	*	*	*	*	*	*
(8,762)	*	*	*	*	*	*
1,768	*	*	*	*	*	*
(18)	*	*	*	*	*	*
<u>(2,500)</u>	*	*	*	*	*	*
34,437	*	*	*	*	*	*
31,937	*	*	*	*	*	*
257,819	*	*	*	*	*	*
0.46%	*	*	*	*	*	*

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**SHERIDAN COUNTY, WYOMING**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

**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>
<b>Revenues</b>				
Taxes	\$ 7,492,044	\$ (23,167)	\$ 6,943,167	\$ 14,412,044
Licenses and permits	312,326	(1,731)	(3,062)	307,533
Intergovernmental	10,760,448	612,162	(11,372,610)	-
Charges for services	1,124,305	(25,529)	170,118	1,268,894
Investment income	82,246	(55)	(82,191)	-
Miscellaneous	92,853	(63,696)	277,463	306,620
One cent optional tax	-	-	2,133,997	2,133,997
Enhanced emergency 911 tax	-	-	309,639	309,639
Grant revenue	-	-	1,593,641	1,593,641
WIC	-	-	6,135	6,135
Rents, royalties, interest and fines	-	-	87,371	87,371
Sale of assets	-	-	20,676	20,676
Transfer from Capital Facilities Tax/Road Construction Funds	-	-	229,591	229,591
	<u>\$ 19,864,222</u>	<u>\$ 497,984</u>	<u>\$ 313,935</u>	<u>\$ 20,676,141</u>
<b>Expenditures</b>				
General government	\$ 8,327,817	\$ 638,264	\$ 405,921	\$ 9,372,002
Public safety	5,111,259	(10,777)	59,661	5,160,143
Public works	1,768,904	295,627	(300,000)	1,764,531
Health, welfare and recreation	1,491,185	66,572	(1,201,171)	356,586
Conservation of natural resources	122,196	(1,485)	(18,624)	102,087
Debt service - principal	893,468	(893,468)	-	-
Debt service - interest	43,478	(43,478)	-	-
Capital outlay	754,391	449,983	(558,923)	645,450
Grants	-	-	1,613,136	1,613,136
	<u>\$ 18,512,698</u>	<u>\$ 501,238</u>	<u>\$ -</u>	<u>\$ 19,013,935</u>

**SHERIDAN COUNTY, WYOMING**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2020

**Note 1. Basis of Budgeting (Continued)**

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

	GAAP Basis	Adjustments to Budgetary Basis	Presentation Differences	Non-GAAP Budgetary Basis
<b>Revenues</b>				
Taxes	\$ 1,994,541	\$ (26,497)	\$ -	\$ 1,968,044
Intergovernmental revenues	564,809	(564,382)	-	427
Investment income	40,238	-	-	40,238
Transfer from Road Fund	-	-	300,000	300,000
	<u>\$ 2,599,588</u>	<u>\$ (590,879)</u>	<u>\$ 300,000</u>	<u>\$ 2,308,709</u>
<b>Expenditures</b>				
Capital outlay	\$ 2,324,836	\$ (375,004)	\$ 227,764	\$ 1,949,832
Transfer to General Fund	-	-	-	227,764
	<u>\$ 2,324,836</u>	<u>\$ (375,004)</u>	<u>\$ 227,764</u>	<u>\$ 2,177,596</u>

***Budgetary Information***

The schedule of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis) – 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. 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**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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**Note 1. Basis of Budgeting (Continued)**

***Budgetary Information (Continued)***

The County Commissioners amended the budget for the fiscal year ended June 30, 2020 as follows:

The board approved two amendments to the fiscal year budget. Amendment #1 included transfers in the general fund that include; grant department, treasurer’s office, assessor’s office, clerk of district court office, 1% optional tax department, and the E-911 tax department. Adjustments were also made to the County employee health benefit fund. Adjustments were made in operating expenses in the general fund to appropriate \$552,361 in unanticipated grant expenses and \$529,611 in unanticipated grant revenues. In addition, adjustments were made in operating expenses of \$1,000 for the treasurer, \$3,000 for the assessor, and \$7,000 for the clerk of district court. General fund revenue was adjusted by \$920,000 to adjust for unanticipated revenues. Adjustments were made in the 1% optional tax budget to appropriate \$194,000 in expenses and \$186,000 in revenue. Adjustments were made in the E-911 department to appropriate \$6,100 in expenses and \$24,000 in revenue. Adjustments were made in the employee health benefit plan of to appropriate \$190,000 in expenses. Amendment #2 included an additional adjustment to grant revenues in the amount of \$9,600, and adjustments of \$300,000 in revenue and expenses respectively in the Capital Facilities Tax fund.

**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 have been no changes in benefit provisions in the Public Employees’ Pension Plan since the prior valuation.

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

***Changes to assumptions*** – There have been no changes of assumptions in the OPEB plan since the prior valuation

***Changes in benefits*** – There have been no changes in benefit provisions in the OPEB plan since the prior valuation.

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**OTHER SUPPLEMENTARY INFORMATION**

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**SHERIDAN COUNTY, WYOMING**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
ROAD CONSTRUCTION FUND  
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 615,000	\$ 615,000	\$ 602,310	\$ (12,690)
Investment income	32,000	32,000	27,595	(4,405)
Total revenues	<u>647,000</u>	<u>647,000</u>	<u>629,905</u>	<u>(17,095)</u>
Expenditures				
Capital outlay	-	-	73,700	(73,700)
Transfer to General Fund	710,000	710,000	1,827	708,173
Total expenditures	<u>710,000</u>	<u>710,000</u>	<u>75,527</u>	<u>634,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,000)</u>	<u>(63,000)</u>	<u>554,378</u>	<u>617,378</u>
Net change in fund balance	(63,000)	(63,000)	554,378	<u><u>\$ 617,378</u></u>
Fund balance, beginning of year	<u>1,525,440</u>	<u>1,525,440</u>	<u>1,525,440</u>	
Fund balance, ending of year	<u><u>\$ 1,462,440</u></u>	<u><u>\$ 1,462,440</u></u>	<u><u>\$ 2,079,818</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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 878,000	\$ 878,000	\$ 854,517	\$ (23,483)
Intergovernmental revenue	210,000	245,062	353,036	107,974
Grants	545,466	545,466	138,394	(407,072)
Charges for services	245,000	700,000	1,146,551	446,551
Investment income	-	-	20,480	20,480
Miscellaneous	19,500	19,500	151,064	131,564
Total revenues	<u>1,897,966</u>	<u>2,388,028</u>	<u>2,664,042</u>	<u>276,014</u>
Expenditures				
Conservation of natural resources	1,842,451	2,775,349	2,737,246	38,103
Capital outlay	74,000	111,000	72,712	38,288
Total expenditures	<u>1,916,451</u>	<u>2,886,349</u>	<u>2,809,958</u>	<u>76,391</u>
Net change in fund balance	(18,485)	(498,321)	(145,916)	<u>\$ 352,405</u>
Fund balance, beginning of year	<u>1,532,163</u>	<u>1,532,163</u>	<u>1,532,163</u>	
Fund balance, end of year	<u>\$ 1,513,678</u>	<u>\$ 1,033,842</u>	<u>\$ 1,386,247</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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Allocation from the County	\$ 420,000	\$ 420,000	\$ 420,000	\$ -
Charges for services	64,090	64,090	60,706	(3,384)
Community support	10,000	10,000	5,672	(4,328)
Investment income	50	50	138	88
Other revenue	2,600	2,600	-	(2,600)
Total revenues	<u>496,740</u>	<u>496,740</u>	<u>486,516</u>	<u>(10,224)</u>
<b>Expenditures</b>				
Health, welfare and recreation	488,740	488,740	456,370	32,370
Total expenditures	<u>488,740</u>	<u>488,740</u>	<u>456,370</u>	<u>32,370</u>
Net change in fund balance	8,000	8,000	30,146	<u>\$ 22,146</u>
Fund balance, beginning of year	<u>569,572</u>	<u>569,572</u>	<u>569,572</u>	
Fund balance, end of year	<u>\$ 577,572</u>	<u>\$ 577,572</u>	<u>\$ 599,718</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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Allocation from the County	\$ 1,270,000	\$ 1,270,000	\$ 1,274,650	\$ 4,650
Grants	2,000	2,000	-	(2,000)
Charges for services	31,750	31,750	22,396	(9,354)
Fulmer Trust	60,872	60,872	60,911	39
Sheridan County Library Foundation	83,900	83,900	81,661	(2,239)
Friends of the Library	35,000	35,000	40,000	5,000
Investment income	1,900	1,900	1,322	(578)
<b>Total revenues</b>	<u>1,485,422</u>	<u>1,485,422</u>	<u>1,480,940</u>	<u>(4,482)</u>
<b>Expenditures</b>				
Health, welfare and recreation	1,499,000	1,499,000	1,432,475	66,525
Capital outlay	15,000	15,000	15,000	-
<b>Total expenditures</b>	<u>1,514,000</u>	<u>1,514,000</u>	<u>1,447,475</u>	<u>66,525</u>
<b>Net change in fund balance</b>	(28,578)	(28,578)	33,465	<u>\$ 62,043</u>
Fund balance, beginning of year	<u>43,578</u>	<u>43,578</u>	<u>43,578</u>	
Fund balance, end of year	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 77,043</u>	

**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF NET POSITION SHERIDAN COUNTY PUBLIC  
LIBRARY AND SHERIDAN COUNTY PUBLIC LIBRARY FOUNDATION

June 30, 2020

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 77,043	\$ 1,127,149	\$ 1,204,192
Restricted cash - permanent endowment	-	145,211	145,211
Investments	-	958,904	958,904
Investments, restricted by donors	-	1,722,794	1,722,794
Capital assets not being depreciated	893,461	-	893,461
Capital assets being depreciated, net of accumulated depreciation	2,943,809	-	2,943,809
Total assets	<u>3,914,313</u>	<u>3,954,058</u>	<u>7,868,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items	333,815	-	333,815
OPEB Items	2,967	-	2,967
Total deferred inflows of resources	<u>336,782</u>	<u>-</u>	<u>336,782</u>
<b>LIABILITIES</b>			
Noncurrent liabilities			
Due in more than one year	54,843	-	54,843
Net pension liability	948,185	-	948,185
OPEB Liability	72,529	-	72,529
Total liabilities	<u>1,075,557</u>	<u>-</u>	<u>1,075,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items	337,939	-	337,939
OPEB items	38,651	-	38,651
Total deferred inflows of resources	<u>376,590</u>	<u>-</u>	<u>376,590</u>
<b>NET POSITION</b>			
Net investment in capital assets, net of related debt	3,837,270	-	3,837,270
Restricted, nonexpendable permanent endowments	-	1,793,137	1,793,137
Unrestricted (deficit)	(1,038,322)	2,160,921	1,122,599
Total net position	<u>\$ 2,798,948</u>	<u>\$ 3,954,058</u>	<u>\$ 6,753,006</u>

**SHERIDAN COUNTY, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, SHERIDAN  
COUNTY PUBLIC LIBRARY AND SHERIDAN COUNTY PUBLIC LIBRARY FOUNDATION

Year Ended June 30, 2020

	Sheridan County Public Library	Sheridan County Public Library Foundation	Total
<b>Revenues</b>			
Intergovernmental revenues	\$ 1,274,649	\$ -	\$ 1,274,649
Charges for services	22,396	-	22,396
Investment income	1,322	78,529	79,851
Contributions	100,911	777,139	878,050
Miscellaneous	-	376	376
Total revenues	<u>1,399,278</u>	<u>856,044</u>	<u>2,255,322</u>
<b>Expenses</b>			
<b>Current</b>			
Health, welfare and recreation	1,314,935	79,164	1,394,099
Capital outlay	186,829	-	186,829
Total expenditures	<u>1,501,764</u>	<u>79,164</u>	<u>1,580,928</u>
Excess (deficiency) of revenues over expenditures	<u>(102,486)</u>	<u>776,880</u>	<u>674,394</u>
<b>Other financing sources (uses)</b>			
Transfers out	-	(135,709)	(135,709)
Transfers in	135,709	-	135,709
Contributions to an endowment	-	25,658	25,658
	<u>135,709</u>	<u>(110,051)</u>	<u>25,658</u>
Net change in fund balance	33,223	666,829	700,052
Net position, beginning of year	<u>2,765,725</u>	<u>3,287,229</u>	<u>6,052,954</u>
Net position, end of year	<u>\$ 2,798,948</u>	<u>\$ 3,954,058</u>	<u>\$ 6,753,006</u>

**SHERIDAN COUNTY, WYOMING**

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

June 30, 2020

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,408,376	\$ 251,024	\$ 11,659,400
Accounts receivable, net	12,833,536	-	12,833,536
Other receivables	294,429	-	294,429
Pledges receivable	-	171,514	171,514
Estimated third party payor settlement	29,000	-	29,000
Prepaid items	2,204,703	-	2,204,703
Inventory	2,677,207	-	2,677,207
Investments	-	2,866,934	2,866,934
Internally designated investments	11,991,441	-	11,991,441
Restricted investments	769,595	6,805,940	7,575,535
Capital assets being depreciated, net of accumulated depreciation	53,728,276	-	53,728,276
Other assets, long-term	1,546,703	1,302,450	2,849,153
Total assets	<u>97,483,266</u>	<u>11,397,862</u>	<u>108,881,128</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Excess consideration from acquisition	423,700	-	423,700
Total deferred outflows of resources	<u>423,700</u>	<u>-</u>	<u>423,700</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,929,016	-	3,929,016
Accrued payroll and related expenses	6,955,663	-	6,955,663
Deferred revenue	5,188,873	-	5,188,873
Noncurrent liabilities			
Due within one year	1,405,599	-	1,405,599
Due in more than one year	8,631,290	-	8,631,290
Total liabilities	<u>26,110,441</u>	<u>-</u>	<u>26,110,441</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	43,482,221	-	43,482,221
Restricted expendable for operations and capital acquisitions	769,595	7,241,761	8,011,356
Restricted nonexpendable permanent endowments	-	1,037,289	1,037,289
Unrestricted	27,544,709	3,118,812	30,663,521
Total net position	<u>\$ 71,796,525</u>	<u>\$ 11,397,862</u>	<u>\$ 83,194,387</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, 2020

	Memorial Hospital of Sheridan County	Memorial Hospital of Sheridan County Foundation	Total
Revenues			
Intergovernmental revenues	\$ 240,000	\$ -	\$ 240,000
Charges for services	97,007,197	-	97,007,197
Other operating revenue	1,195,529	736,110	1,931,639
Investment income	86,749	142,216	228,965
Total revenues	<u>98,529,475</u>	<u>878,326</u>	<u>99,407,801</u>
Expenses			
Current			
Health and welfare	107,139,637	1,120,204	108,259,841
Total operating expenses	<u>107,139,637</u>	<u>1,120,204</u>	<u>108,259,841</u>
Total operating loss	<u>(8,610,162)</u>	<u>(241,878)</u>	<u>(8,852,040)</u>
Other financing sources			
Non-operating gains	518,601	-	518,601
Noncapital grants and contributions	6,273,146	-	6,273,146
	<u>6,791,747</u>	<u>-</u>	<u>6,791,747</u>
Deficit of revenues over expenditures	<u>(1,818,415)</u>	<u>(241,878)</u>	<u>(2,060,293)</u>
Net change in net position	(1,818,415)	(241,878)	(2,060,293)
Net position, beginning of year	<u>73,614,940</u>	<u>11,639,740</u>	<u>85,254,680</u>
Net position, end of year	<u>\$ 71,796,525</u>	<u>\$ 11,397,862</u>	<u>\$ 83,194,387</u>

**SINGLE AUDIT**

**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

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**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Wyoming State Forestry Division				
Cooperative Forestry Assistance	10.664	18-DG-11020000-050	\$ -	\$ 15,601
Cooperative Forestry Assistance	10.664	19-DG-11020000-055	-	2,523
Total U.S. Department of Agriculture			<u>-</u>	<u>18,124</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Wyoming Business Council				
Community Development Block Grant	14.228	Unknown	500,000	500,000
Total U.S. Department of Housing and Urban Development			<u>500,000</u>	<u>500,000</u>
<u>U.S. Department of Justice</u>				
Passed through Office of Juvenile Justice and Delinquency Prevention				
Juvenile Justice and Delinquency Prevention	16.540	2015-JF-FX-K001	6,475	6,475
Juvenile Justice and Delinquency Prevention	16.540	2018-JX-FX-K056	10,927	10,927
			<u>17,402</u>	<u>17,402</u>
Passed through Volunteers of America Northern Rockies				
Bulletproof Vest Partnership Program	16.607	Unknown	-	869
			<u>-</u>	<u>869</u>
Total U.S Department of Justice			<u>17,402</u>	<u>18,271</u>
<u>U.S. Department of Transportation</u>				
Passed through Wyoming Department of Transportation				
Airport Improvement Program	20.106	AIP-3-56-0027-52-2019	-	1,984,187
COVID-19 - Airport Improvement Program	20.106	AIP-3-56-0027-053-2020	-	1,130,882
			<u>-</u>	<u>3,115,069</u>
<i>Highway Planning and Construction Cluster</i>				
Passed through Wyoming Department of Transportation				
Highway Planning and Construction	20.205	CM19408	-	300,000
Highway Planning and Construction	20.205	CM20407	-	293,758
Total <i>Highway Planning and Construction Cluster</i>			<u>-</u>	<u>593,758</u>
Passed through Wyoming Department of Transportation				
Alcohol Open Container Requirements	20.607	DUI - 154AL	-	632
			<u>-</u>	<u>632</u>
Passed through Wyoming Department of Transportation				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	DUI 405d	-	1,221
National Priority Safety Programs	20.616	OP HVE 405b	-	2,897
Total <i>Highway Safety Cluster</i>			<u>-</u>	<u>4,118</u>
Passed through Wyoming Office of Homeland Security				
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	19-DOT-SHE-HM-HMP19	-	14,200
			<u>-</u>	<u>14,200</u>
Total U.S. Department of Transportation			<u>-</u>	<u>3,727,777</u>

(Continued)

**SHERIDAN COUNTY, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**Year Ended June 30, 2020**

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 Energy</u>				
Passed through Wyoming Business Council State Energy Program	81.041	Unknown	\$ -	\$ 25,000
			-	25,000
<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	-	103,360
			-	103,360
Passed through Wyoming Department of Health Public Health Division Public Health Emergency Preparedness	93.074	Unknown	-	4,350
			-	4,350
Passed through Wyoming Department of Health Public Health Division Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Unknown	-	38,130
			-	38,130
Passed through Wyoming Department of Health Temporary Assistance for Needy Families	93.558		-	11,074
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	93.558	Unknown	52,034	52,034
			52,034	63,108
Passed through Wyoming Department of Health Community Services Block Grant	93.569	Unknown	196,544	196,544
			196,544	196,544
Passed through Wyoming Department of Health Public Health Division Block Grants for Prevention and Treatment of Substance Abuse	93.959	Unknown	-	44,147
			-	44,147
Total U.S. Department of Health and Human Services			300,612	449,639
<u>Office of Homeland Security</u>				
Passed through Wyoming Office of Homeland Security Emergency Management Performance Grants	97.042	19-EMPG-SHE-GCF19	-	26,266
			-	26,266
Passed through Wyoming Department of Health Homeland Security Grant Program	97.067	18-SHSP-SHE-SC-HEM18	-	4,999
			-	4,999
Total Office of Homeland Security			-	31,265
Total Expenditures of Federal Awards			\$ 300,612	\$ 4,770,076

## SHERIDAN COUNTY, WYOMING

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sheridan County, Wyoming under programs of the federal government for the year ended June 30, 2020. 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.

Sheridan County, Wyoming's basic financial statements include the operations of the Memorial Hospital of Sheridan County, a discretely presented component unit. The Memorial Hospital of Sheridan County 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.

#### **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. 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, 2020, the County recognized \$1,095,424 of PILT entitlement as income.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Sheridan County, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sheridan County, Wyoming as of and for the year ended June 30, 2020, 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 8, 2020. 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 Sheridan County, Wyoming'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 Sheridan County, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of Sheridan County, Wyoming'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 and correct 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.



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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 Sheridan County, Wyoming's financial statements are free from 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 financial statements. 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 8, 2020

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Sheridan County, Wyoming

***Report on Compliance for the 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 Sheridan County, Wyoming's major federal program for the year ended June 30, 2020. Sheridan County, Wyoming's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 below, 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.

***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 Sheridan County, Wyoming's major federal program 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.



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We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 its major federal program for the year ended June 30, 2020.

### ***Report on Internal Control Over Compliance***

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

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

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

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



Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

Casper, Wyoming  
December 8, 2020



**SHERIDAN COUNTY, WYOMING**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2020

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**SECTION I SUMMARY OF AUDITOR'S RESULTS**

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**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 or Cluster</u>
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? Yes

(Continued)

**SHERIDAN COUNTY, WYOMING**

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

June 30, 2020

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**SECTION II FINANCIAL STATEMENT FINDINGS**

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*Internal Control Matters*

*None reported.*

*Compliance Findings*

*None reported.*

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

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*None reported.*



# SHERIDAN COUNTY COMMISSION

TERRY CRAM • STEVE MAIER • MIKE NICKEL • TOM RINGLEY •  
BOB ROLSTON

*There were no audit findings for the year ended June 30, 2019.*