

BIG HORN COUNTY, WYOMING

FINANCIAL REPORT

JUNE 30, 2016

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JAMES REILLY, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

James W. Reilly, CPA

INDEPENDENT AUDITORS REPORT

Honorable Board of County Commissioners
Big Horn County, Wyoming

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Big Horn County, Wyoming as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Big Horn 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, 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 Big Horn County, Wyoming as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10, the Schedule of Proportionate Share of the Net Pension Liability Public Employees Retirement System of Wyoming on page 65, the Schedule of the County's Contributions on page 66 and the budgetary comparison information on 59-64 be presented to supplement the basic financial statements. Such information, although not a required 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements 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*, I have also issued my report dated November 21, 2016, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



James Reilly, CPA, P.C.
Certified Public Accountant

November 21, 2016

Management's Discussion and Analysis

- The assets of Big Horn County Government exceeded its liabilities at the close of the most recent fiscal year by \$58,615,022 (net position). Of this amount, \$7,762,145 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Big Horn County Government's governmental funds reported combined ending fund balances of \$9,760,817, an increase of \$2,277,919 in comparison with the prior year. Approximately 72.00 % of this total amount, or \$7,065,350 is *available for spending* at the government's discretion (unassigned - general fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,065,350 or 68.66 % of total general fund expenditures.
- Big Horn County Government's total debt increased by \$1,096,828. This increase was comprised of an increase in long-term debt of \$187,329 and an increase in net pension liability of \$909,499. The increase in net pension liability is due to the requirement for reporting under Governmental Accounting Standards Board (GASB) 68.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Big Horn County Government's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Big Horn County Government's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Big Horn County Government's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Big Horn County Government is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Big Horn County Government that are principally supported by taxes and intergovernmental revenues

(governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Big Horn County Government include general government, public safety and transportation, public works, health, welfare and recreation, and conservation of natural resources.

The government-wide financial statements can be found on pages 12-15 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Big Horn County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Big Horn County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Big Horn County Government maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the county road construction fund and the airport fund all of which are considered to be major funds.

The Big Horn County Government adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16 and 17 of this report.

Proprietary funds - The Big Horn County Government maintains one type of proprietary fund. Big Horn County Government uses an internal service fund to account for its Self- Insurance Fund. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21-26 of this report.

Fiduciary funds - Fiduciary funds (agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of the funds are not available to support the Big Horn County Government's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 27 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-57 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Big Horn County Government's progress in funding its obligation to provide pension benefits to its employees. This report contains the more comprehensive pension reporting standards required under GASB 68. Notes to financial statements regarding the retirement plan can be found on pages 49-55 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Big Horn County Government's net position, 84.82% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Big Horn County Government uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

Although the Big Horn County Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BIG HORN COUNTY GOVERNMENT'S NET POSITION

	Governmental Activities	
	2016	2015
Assets:		
Current and other assets	\$ 13,335,604	\$ 11,486,869
Capital assets	53,234,339	53,459,893
Total assets	66,569,943	64,946,762
 Deferred Outflows of Resources	 1,583,395	 658,111
 Liabilities:		
Long-term liabilities outstanding	7,133,045	6,036,217
Other liabilities	2,036,030	2,432,380
Total liabilities	9,169,075	8,468,597
 Deferred Inflows of Resources	 369,241	 74,211
 Net position:		
Net investment in capital assets, net of related debt	49,720,120	49,963,664
Restricted	1,132,757	673,017
Unrestricted	7,762,145	6,425,374
Total net position	\$ 58,615,022	\$ 57,062,055

An additional portion of Big Horn County Government's net position \$1,132,757, 1.93% represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$7,762,145, 13.25% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Big Horn County Government is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$174,822 in restricted net position reported in connection with the Big Horn County Government's County Road Construction Fund. This was due to road revenues received from gas tax, coal severance tax and interest earned exceeding road project expenses.

Big Horn County implemented a straight line method of depreciation on its fixed assets inventory for items over \$5,000, with a useful life of more than two years, to comply with GASB's reporting standards. Big Horn County is considered a Phase 3 reporting entity due to having annual revenues of less than \$10 million for FY 2002, the date of GASB 34 implementation.

BIG HORN COUNTY GOVERNMENT'S CHANGES IN NET POSITION

	2016	2015
Revenues:		
Program Revenues:		
Charges for services	\$ 2,043,503	\$ 1,827,102
Operating grants and contributions	716,833	518,149
Capital grants and contributions	2,589,245	2,330,991
General revenues:		
Property taxes - current and delinquent	3,316,105	3,334,966
Other taxes & intergovernmental revenues	5,480,454	5,398,037
Miscellaneous revenues	62,176	326,742
Unrestricted investment earnings	46,471	25,110
Total revenues	14,254,787	13,761,097
Expenses:		
General government	3,611,774	3,600,030
Public safety	4,701,267	3,939,034
Public works	3,094,495	3,510,943
Health, welfare, recreation	1,075,528	861,861
Conservation of natural resources	109,385	103,639
Interest on long term debt	109,371	115,789
Total expenses	12,701,820	12,131,296
Increase (decrease) in net assets	1,552,967	1,629,801
Net position, beginning of year	57,062,055	57,311,085
Prior period adjustment	-	(1,878,831)
Net position, beginning of year, restated	57,062,055	55,432,254
Net position, end of year	\$ 58,615,022	\$ 57,062,055

- Property taxes decreased by \$18,861 (.57%) during the year. This is due to assessed valuation of the county decreasing between current and prior year.
- Operating and capital grants for governmental activities increased by \$456,938, (16.04%) during the year.
- Charges for services increased by \$216,401 (11.84%) over the prior year.
- Expenditures increased by \$570,524 (4.70%) over the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Big Horn County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus on the Big Horn County Government's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the Big Horn County Government's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Big Horn County Government's governmental funds reported combined ending fund balances of \$9,760,817 an increase of \$2,277,919 in comparison with the prior year. Of this amount, \$8,430,354 is for unassigned cash reserve, \$197,706 is for inventory reserve which is non-spendable and \$1,132,757 is restricted for the three capital project funds.

The general fund is the chief operating fund of the Big Horn County Government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,065,350 while total fund balance was \$7,263,056. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.66% percent of total general fund expenditures, while total fund balance represents 70.58% of that amount.

Fund balance of Big Horn County Government's general fund increased by \$366,342 during the current fiscal year.

General Fund Budgetary Highlights

Difference between the original General Fund FY2015-2016 budget of \$10,824,139 and the final amended budget amounted to an increase of \$332,353 and can be summarized as follows:

General Fund:

Public Health Emergency Preparedness	\$	29,843
Natural Resource Management Grant		50,120
Emergency Management		30,000
Highway Safety Grant		38,000
OHS Grant		24,697
Alcohol and Tobacco Inspection		3,000
UW Extension ERG Grant		6,693
SBHCSC HVAC Project		150,000
Total Budget Amendments	\$	<u><u>332,353</u></u>

The total budget amendments of \$332,353 came from unanticipated revenues.

Capital Asset and Debt Administration

Capital assets - Big Horn County Government's net investment in capital assets for its governmental - type activities as of June 30, 2016, amounts to \$53,234,339. This net investment in capital assets included land, buildings, machinery and equipment, infrastructures, and roads, highways and bridges.

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

- Big Horn County continued the GASB 34 policy of depreciating their capital assets by using a capital asset system.
- Roads, highways and bridges, as listed by the County Engineer's office, are now included in Big Horn County's total assets.

BIG HORN COUNTY GOVERNMENT'S CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Land	\$ 4,226,217	\$ 4,226,217
Construction in process	885,756	169,339
Buildings	11,629,857	11,605,110
Machinery and equipment	2,037,977	1,334,344
Infrastructure	34,454,532	36,124,883
TOTAL	<u>\$ 53,234,339</u>	<u>\$ 53,459,893</u>

Additional information on Big Horn County Government's capital assets can be found in the Notes to Financial Statements on pages 34 and 44-46.

Deferred Outflows of Resources & Deferred Inflows of Resources

Deferred Outflows of Resources

Deferred outflows of resources were new to the County's Statement of Net Position for the prior fiscal year. This classification balance, although similar to "assets," is set apart because these items do not meet the technical definition of being a County asset on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure.

The most significant deferred outflow of resources reported are related to the implementation of GASB Statement No. 68 and GASB Statement No. 71 for pension liability reporting. GASB 71 requires that contributions made during the fiscal year to the retirement system be reported as deferred outflows of resources. Consequently, the majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred Inflows of Resources

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the County as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position.

Deferred inflows of resources being reported on the County's Statement of Net Position include pensions.

- Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Requests for Information

The financial report is designed to provide a general overview of the Big Horn County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Clerk, 420 WC, Big Horn County, Basin, Wyoming, 82410.

BASIC FINANCIAL STATEMENTS

BIG HORN COUNTY, WYOMING
Statement of Net Position
June 30, 2016

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 8,105,075	\$ 8,105,075
Investments	1,219,758	1,219,758
Receivables (net of allowance for uncollectible)	2,699,320	2,699,320
Inventories	197,706	197,706
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	1,113,745	1,113,745
Capital assets (net of accumulated depreciation):		
Land	4,226,217	4,226,217
Construction in process	885,756	885,756
Buildings	11,629,857	11,629,857
Machinery and equipment	2,037,977	2,037,977
Infrastructure	34,454,532	34,454,532
Total assets	66,569,943	66,569,943
DEFERRED OUTFLOWS OF RESOURCES	1,583,395	1,583,395
LIABILITIES		
Accounts payable and other current liabilities	1,924,154	1,924,154
Funds held in trust	111,876	111,876
Long term liabilities:		
Due within one year	236,959	236,959
Due in more than one year	6,896,086	6,896,086
Total liabilities	9,169,075	9,169,075
DEFERRED INFLOWS OF RESOURCES	369,241	369,241
NET POSITION		
Net investment in capital assets, net of related debt	49,720,120	49,720,120
Restricted for:		
Capital projects	1,132,757	1,132,757
Unrestricted	7,762,145	7,762,145
Total net position	\$ 58,615,022	\$ 58,615,022

See accompanying notes to financial statements

Component Units		
Weed and Pest Control	County Fair	Byron Solid Waste District
\$ 586,253	\$ -	\$ 870,640
-	-	-
13,969	2,050	-
102,681	-	-
-	-	-
51,155	-	-
-	-	-
518,865	32,500	39,630
132,910	18,939	138,296
-	-	-
<u>1,405,833</u>	<u>53,489</u>	<u>1,048,566</u>
<u>91,863</u>	<u>11,373</u>	<u>33,535</u>
19,037	27,687	2,014
-	-	-
-	-	-
<u>254,425</u>	<u>33,738</u>	<u>97,071</u>
<u>273,462</u>	<u>61,425</u>	<u>99,085</u>
<u>23,542</u>	<u>2,500</u>	<u>8,779</u>
702,930	51,439	177,926
-	-	-
<u>497,762</u>	<u>(50,502)</u>	<u>796,311</u>
<u>\$ 1,200,692</u>	<u>\$ 937</u>	<u>\$ 974,237</u>

BIG HORN COUNTY, WYOMING
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary government:				
Governmental activities:				
General government	\$ 3,611,774	\$ 393,451	\$ 86,150	\$ 1,341,538
Public safety	4,701,267	1,358,792	566,147	2,505
Public works	3,094,495	205,685	210	941,580
Health, welfare and recreation	1,075,528	85,575	64,326	303,622
Conservation of natural resources	109,385	-	-	-
Interest on long term debt	109,371	-	-	-
Total governmental activities	12,701,820	2,043,503	716,833	2,589,245
Total primary government	\$ 12,701,820	\$ 2,043,503	\$ 716,833	\$ 2,589,245
 Component units:				
Weed and Pest Control	\$ 1,015,681	\$ 216,769	\$ 219,842	\$ -
County Fair	206,799	91,304	117,358	-
Byron Solid Waste District	278,258	-	-	-
Total component units	\$ 1,500,738	\$ 308,073	\$ 337,200	\$ -

General revenues:
Property taxes
County Road tax
Sales tax
Severance taxes
Gasoline taxes
Motor vehicle fees
Forest reserve & PILT
Contribution and miscellaneous revenues not restricted to specific programs
Unrestricted investment earnings
Total general revenues

Change in net assets

Net position - beginning

Net position - ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units		
Governmental Activities	Total	Weed and Pest Control	County Fair	Byron Solid Waste District
\$ (1,790,635)	\$ (1,790,635)	\$ -	\$ -	\$ -
(2,773,823)	(2,773,823)	-	-	-
(1,947,020)	(1,947,020)	-	-	-
(622,005)	(622,005)	-	-	-
(109,385)	(109,385)	-	-	-
(109,371)	(109,371)	-	-	-
<u>\$ (7,352,239)</u>	<u>\$ (7,352,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ (579,070)	\$ -	\$ -
-	-	-	1,863	-
-	-	-	-	(278,258)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (579,070)</u>	<u>\$ 1,863</u>	<u>\$ (278,258)</u>
\$ 3,316,105	\$ 3,316,105	\$ 622,591	\$ -	\$ 263,185
524,790	524,790	-	-	-
1,534,511	1,534,511	-	-	-
727,253	727,253	-	-	-
691,424	691,424	-	-	-
495,804	495,804	-	-	-
1,506,672	1,506,672	-	-	-
62,176	62,176	74,070	1,795	1,582
46,471	46,471	148	1,935	3,938
<u>8,905,206</u>	<u>8,905,206</u>	<u>696,809</u>	<u>3,730</u>	<u>268,705</u>
1,552,967	1,552,967	117,739	5,593	(9,553)
<u>57,062,055</u>	<u>57,062,055</u>	<u>1,082,953</u>	<u>(4,656)</u>	<u>983,790</u>
<u>\$ 58,615,022</u>	<u>\$ 58,615,022</u>	<u>\$ 1,200,692</u>	<u>\$ 937</u>	<u>\$ 974,237</u>

BIG HORN COUNTY, WYOMING
Balance Sheet
Governmental Funds
June 30, 2016

	General	Airport	Library	Capital Projects	Total Governmental Funds
ASSETS					
Cash	\$ 6,592,741	\$ -	\$ 927	\$ 1,113,745	\$ 7,707,413
Investments	1,219,758	-	-	-	1,219,758
Delinquent property taxes receivable	24,455	-	-	-	24,455
Accounts receivable	353,761	-	-	41,645	395,406
Grants receivable	72,099	1,878,961	-	173,478	2,124,538
Inventory	197,706	-	-	-	197,706
	<u>8,460,520</u>	<u>1,878,961</u>	<u>927</u>	<u>1,328,868</u>	<u>11,669,276</u>
Total assets	\$ <u>8,460,520</u>	\$ <u>1,878,961</u>	\$ <u>927</u>	\$ <u>1,328,868</u>	\$ <u>11,669,276</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 157,358	\$ 490,556	\$ 13,761	\$ 196,111	\$ 857,786
Outstanding warrants	928,230	10,567	-	-	938,797
Funds held in trust	111,876	-	-	-	111,876
	<u>1,197,464</u>	<u>501,123</u>	<u>13,761</u>	<u>196,111</u>	<u>1,908,459</u>
Total liabilities	<u>1,197,464</u>	<u>501,123</u>	<u>13,761</u>	<u>196,111</u>	<u>1,908,459</u>
Fund balances:					
Nonspendable	197,706	-	-	-	197,706
Restricted	-	-	-	1,132,757	1,132,757
Unassigned	7,065,350	1,377,838	(12,834)	-	8,430,354
	<u>7,263,056</u>	<u>1,377,838</u>	<u>(12,834)</u>	<u>1,132,757</u>	<u>9,760,817</u>
Total fund balances	<u>7,263,056</u>	<u>1,377,838</u>	<u>(12,834)</u>	<u>1,132,757</u>	<u>9,760,817</u>
Total liabilities and fund balances	\$ <u>8,460,520</u>	\$ <u>1,878,961</u>	\$ <u>927</u>	\$ <u>1,328,868</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	53,234,339
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the funds.	154,921
Deferred outflows of resources reported in the Statement of Net Position	1,214,154
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	1,383,836
Some liabilities, including compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,133,045)</u>
Net position of governmental activities	<u>\$ 58,615,022</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Airport</u>	<u>Library</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 6,719,514	\$ 560	\$ -	\$ 524,790	\$ 7,244,864
Licenses and permits	12,563	-	-	-	12,563
Intergovernmental revenues	2,382,345	2,216,580	-	1,589,397	6,188,322
Charges for services	1,759,478	196,121	12,034	-	1,967,633
Miscellaneous revenues	116,041	4,305	-	58,937	179,283
	<u>10,989,941</u>	<u>2,417,566</u>	<u>12,034</u>	<u>2,173,124</u>	<u>15,592,665</u>
Total revenues					
Expenditures:					
Current:					
General government	3,020,118	-	-	-	3,020,118
Public safety and transportation	4,283,554	-	-	-	4,283,554
Public works	1,094,553	267,676	-	-	1,362,229
Health, welfare and recreation	686,125	-	338,429	-	1,024,554
Conservation of natural resources	107,396	-	-	-	107,396
Capital outlay	780,443	823,045	-	370,600	1,974,088
Debt service:					
Principal	208,280	8,057	-	-	216,337
Interest	109,371	-	-	-	109,371
	<u>10,289,840</u>	<u>1,098,778</u>	<u>338,429</u>	<u>370,600</u>	<u>12,097,647</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>700,101</u>	<u>1,318,788</u>	<u>(326,395)</u>	<u>1,802,524</u>	<u>3,495,018</u>
Transfers In (Out)	(294,694)	286,653	172,791	(1,342,784)	(1,178,034)
Fund balance at beginning of year	6,896,714	(227,603)	140,770	673,017	7,482,898
Increase (decrease) in reserve for inventory	<u>(39,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,065)</u>
Fund balance at end of year	<u>\$ 7,263,056</u>	<u>\$ 1,377,838</u>	<u>\$ (12,834)</u>	<u>\$ 1,132,757</u>	<u>\$ 9,760,817</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 17)	\$ 3,495,018
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. This is the amount by which depreciation exceeded capital outlays in the current period.	(56,215)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,496
The governmental funds report the purchase of inventory using the purchase method. However, in the statement of activities the change in inventory has been accounted for using the consumption method. This is the net effect of this difference in the treatment of inventory.	(39,065)
Internal service funds are used by management to charge the costs of health insurance to the individual funds. The net income (loss) of these activities of the internal service funds is reported with governmental activities.	(42,330)
Governmental funds report debt service principal payments as expenditures in the period paid. However, in the statement of activities these payments are not reported. This is net of current year proceeds of long term debt.	(187,328)
Transfer out to proprietary fund (net)	(1,347,374)
Change in accrued net pension liability	<u>(279,235)</u>
Change in net position of governmental activities (page 15)	<u>\$ 1,552,967</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Balance Sheet
Capital Projects Combining Statement
June 30, 2016

	<u>County Road Construction</u>	<u>Fair Building</u>	<u>Transfer Station</u>	<u>Total Capital Projects Funds</u>
ASSETS				
Cash	\$ 1,113,745	\$ -	\$ -	\$ 1,113,745
Accounts receivable	16,645	25,000	-	41,645
Grants receivable	<u>-</u>	<u>-</u>	<u>173,478</u>	<u>173,478</u>
Total assets	<u>\$ 1,130,390</u>	<u>\$ 25,000</u>	<u>\$ 173,478</u>	<u>\$ 1,328,868</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ 22,445</u>	<u>\$ -</u>	<u>\$ 173,666</u>	<u>\$ 196,111</u>
FUND BALANCES				
Restricted	<u>1,107,945</u>	<u>25,000</u>	<u>(188)</u>	<u>1,132,757</u>
Total Liabilities and Fund Balances	<u>\$ 1,130,390</u>	<u>\$ 25,000</u>	<u>\$ 173,478</u>	<u>\$ 1,328,868</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Combining Statement
For the Year Ended June 30, 2016

	<u>County Road Construction</u>	<u>Fair Building</u>	<u>Transfer Station</u>	<u>Total Capital Projects Funds</u>
Revenues:				
Taxes	\$ 524,790	\$ -	\$ -	\$ 524,790
Intergovernmental revenues	-	247,859	1,341,538	1,589,397
Miscellaneous revenues	<u>3,174</u>	<u>55,763</u>	<u>-</u>	<u>58,937</u>
Total revenues	<u>527,964</u>	<u>303,622</u>	<u>1,341,538</u>	<u>2,173,124</u>
Expenditures:				
Capital outlay	<u>253,142</u>	<u>117,458</u>	<u>-</u>	<u>370,600</u>
Excess (deficiency) of revenues over expenditures	<u>274,822</u>	<u>186,164</u>	<u>1,341,538</u>	<u>1,802,524</u>
Transfer In (Out)	(100,000)	28,358	(1,271,142)	(1,342,784)
Fund balance at beginning of year	<u>933,123</u>	<u>(189,522)</u>	<u>(70,584)</u>	<u>673,017</u>
Fund balance at end of year	<u>\$ 1,107,945</u>	<u>\$ 25,000</u>	<u>\$ (188)</u>	<u>\$ 1,132,757</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Net Position
Governmental Activities – Internal Service Fund
June 30, 2016

	<u>Self Insurance Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,511,407</u>
Total assets	<u>1,511,407</u>
LIABILITIES	
Accounts and claims payable	<u>127,571</u>
Total liabilities	<u>127,571</u>
NET POSITION	
Unrestricted	<u>1,383,836</u>
Total net position	\$ <u><u>1,383,836</u></u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Revenues, Expenses, and Changes in Fund Net Position
Governmental Activities – Internal Service Fund
For the Year Ended June 30, 2016

	<u>Self Insurance Fund</u>
Operating revenue:	
Charges for services	\$ <u>1,754,270</u>
Total operating revenue	<u>1,754,270</u>
 Operating expenses:	
Contractual services	<u>1,800,718</u>
Total operating expenses	<u>1,800,718</u>
Total operating income	<u>(46,448)</u>
 Non-operating revenue :	
Interest income	<u>4,118</u>
Total non-operating revenue	<u>4,118</u>
Net income (loss)	<u>(42,330)</u>
 Net position at beginning of year	 <u>1,426,166</u>
Net position at end of year	 \$ <u><u>1,383,836</u></u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Cash Flows
Governmental Activities – Internal Service Fund
For the Year Ended June 30, 2016

	<u>Self Insurance Fund</u>
Cash flows from Operating Activities:	
Receipts from customers and users	\$ 1,754,270
Payment to suppliers	<u>(1,843,393)</u>
Net cash provided by operating activities	<u>(89,123)</u>
Cash flows from investing activities:	
Interest received	<u>4,118</u>
Net cash provided by investing activities	<u>4,118</u>
Net increase in cash and cash equivalents	(85,005)
Cash and cash equivalents at beginning of year	<u>1,596,412</u>
Cash and cash equivalents at end of year	<u>\$ 1,511,407</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ (46,448)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Decrease in accounts payable	<u>(42,675)</u>
Total adjustments	<u>(42,675)</u>
Net cash provided by operating activities	<u>\$ (89,123)</u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Net Position
Big Horn County Solid Waste District
Component Unit – Business-Type Entity
June 30, 2016

ASSETS	
Cash and cash equivalents	\$ 2,010,129
Accounts receivable	97,588
Property and equipment, net	<u>1,557,765</u>
Total assets	<u>3,665,482</u>
 DEFERRED OUTFLOW OF RESOURCES	
	<u>34,715</u>
 LIABILITIES	
Accounts payable	50,590
Note payable	47,359
Net pension liability	119,301
Closure/post closure costs	<u>4,100,000</u>
Total liabilities	<u>4,317,250</u>
 DEFERRED INFLOW OF RESOURCES	
	<u>10,306</u>
 NET POSITION	
Restricted	1,269,954
Unrestricted	<u>(1,897,313)</u>
Total net position	<u><u>\$ (627,359)</u></u>

See accompanying notes to financial statement

BIG HORN COUNTY, WYOMING
Statement of Revenues, Expenses, and Changes in Fund Net Position
Big Horn County Solid Waste District
Component Unit – Business-Type Entity
For the Year Ended June 30, 2016

Operating revenue:	
Charges for services	\$ 846,247
Miscellaneous income	<u>6,347</u>
Total operating revenue	<u>852,594</u>
Operating expenses:	
Wages and benefits	219,956
Operations and expenses	305,815
Depreciation	<u>51,866</u>
Total operating expenses	<u>577,637</u>
Total operating income	<u>274,957</u>
Non-operating revenue (expenses)	
Interest income	18,383
Transfer in	<u>1,032,359</u>
Total non-operating revenue (expenses)	<u>1,050,742</u>
Net income (loss)	1,325,699
Net position (deficit) at beginning of year	<u>(1,953,058)</u>
Net position (deficit) at end of year	<u>\$ (627,359)</u>

See accompanying notes to financial statement

BIG HORN COUNTY, WYOMING
Statement of Cash Flows
Big Horn County Solid Waste District
Component Unit – Business-Type Entity
For the Year Ended June 30, 2016

Cash flows from operating activities:

Receipts from customers and users	\$ 827,331
Payment to suppliers	<u>(487,884)</u>
Net cash provided by operating activities	<u>339,447</u>

Cash flows from financing activities

Purchase of capital assets	(1,541,266)
Acquisition of debt	47,359
Transfer in	<u>1,032,359</u>
Net cash used by financing activities	(461,548)

Cash flows from investing activities:

Interest received	<u>18,383</u>
Net cash provided by investing activities	<u>18,383</u>

Net decrease in cash and cash equivalents (103,718)

Cash and cash equivalents at beginning of year 2,113,847

Cash and cash equivalents at end of year \$ 2,010,129

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income	\$ 274,957
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	51,866
Increase in receivables	(25,263)
Increase in accounts payable	<u>37,887</u>
Total adjustments	<u>64,490</u>
Net cash provided by operating activities	\$ <u><u>339,447</u></u>

See accompanying notes to financial statements

BIG HORN COUNTY, WYOMING
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 2,739,643
Taxes receivable - delinquent	<u>1,042,944</u>
Total assets	<u>3,782,587</u>
LIABILITIES	
Due to other taxing districts	3,336,538
Due to other agencies	117,103
Due to other funds	<u>328,946</u>
Total liabilities	<u>3,782,587</u>
NET POSITION	
Unrestricted	<u>-</u>
	<u>\$ -</u>

See accompanying notes to financial statements

Notes to Financial Statements

The notes to the financial statements are included to provide information that is essential to a user's understanding of the financial statements.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Big Horn County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board (GASB)*.

A) Reporting Entity

The County (primary government) is a municipal corporation governed by three 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 generally accepted accounting principles, 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 are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the County. Each discretely presented component unit has a June 30 year end. The County has no blended component units.

Discretely Presented Component Units. The component units column in the basic financial statements include the financial data of the County's other component units. They are reported in a separate column 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.

- (1) The *Weed and Pest Control District* was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the county because the Board of Commissioners approve the District's budget and levy taxes (if necessary) on behalf of the District. The District is presented as a governmental fund type component unit. The District does not issue separate financial statements.
- (2) The *County Fair Board* maintains and manages the operations of the County Fair and conducts agricultural, industrial and other fairs and exhibitions within the County. The Fair Board is fiscally dependent upon the County because the Board of Commissioners approve the Fair's budget, levy taxes and must approve any debt issuances. The Fair Board is funded as part of the General County's 12 mill tax levy. The Fair is presented as a governmental fund type component unit. The Board does not issue separate financial statements.
- (3) The *Byron Solid Waste District* maintains and manages the operations of a solid waste collection system for the residents and entities of North Big Horn County. The Byron Solid Waste District is fiscally dependent upon the County because the Board of Commissioners approve the District's budget, levy taxes (if necessary) and must

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A) Reporting Entity (cont.)

approve any debt issuances. The District's taxes are levied under the taxing authority of the County. The Byron Solid Waste District is presented as a governmental fund type component unit. The Board does not issue separate financial statements.

- (4) The *Big Horn County Solid Waste District* manages the operations of the County's solid waste collection system for the residents of Big Horn County. The District is fiscally dependent upon the County because the Board of Commissioners approves the Districts budget, levies taxes (if necessary) and must approve debt issuances. The Big Horn County Solid Waste District is presented as a proprietary fund type component unit. The Board does not issue separate financial statements.

The accounting policies of Big Horn County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies:

B) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its governmental fund type component units. For the most part, the effect of inter-fund 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*.

C) Measurement focus, basis of accounting, and financial statement presentation

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

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C) Measurement focus, basis of accounting, and financial statement presentation (cont.)

The County adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local governments*, during the fiscal year ended June 30, 2004 and for all subsequent years. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the County's financial outlook.

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.

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, 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:

The *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.

The *Airport Fund* is used to manage the operations of the North and South Big Horn County airports. There is not a separate board managing the airport fund.

The *County Library Fund* maintains and manages the operations of the County Library system. There is not a separate board managing the library fund.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C) Measurement focus, basis of accounting, and financial statement presentation (cont.)

The *Capital Projects Funds* include the *County Road Construction Fund* which is used to account for the construction and maintenance of county roads. The *Transfer Station Fund* has been set up to account for construction costs of the Solid Waste District's transfer station being constructed in South Big Horn County. The *Fair Building Fund* was set up to account for the construction of the multi-purpose building on the fair grounds.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for the financing of goods and services provided by one department to other departments or agencies of the County or to other governments, on a cost-reimbursement basis.

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

The County follows GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements* which eliminates any potential conflict between the application of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Accounting Principles Board (APB) opinion, Accounting Research Bulletins issued on or before November 30, 1989 and GASB pronouncements, as all Pre-November 30, 1989 standards are now in the GASB's codification.

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

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

New Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment to GASB No. 27, effective for periods beginning after June 15, 2014, enhances the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports by required recognition of the entire net pension liability and a more comprehensive measure of pension expense.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C) Measurement focus, basis of accounting, and financial statement presentation (cont.)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, which is applicable to in concurrence with GASB Statement No. 68.

D) Assets, Liabilities, and Net Position or Equity

Deposits

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value. The County is allowed by Wyoming Statutes to invest idle cash primarily in U.S., state and local government securities and in accounts of institutions insured by the FDIC. Wyoming Statutes also require that all public funds on deposit be adequately covered by FDIC insurance and/or securities pledged by the depository. All investments made by the County during the year were within the statutory limits of the State of Wyoming. All funds on deposit at June 30, 2016 were adequately collateralized by the depositories.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognizes deferred outflows and inflows of resources.

In a prior year, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, providing for financial reporting guidance to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources, based on the definitions of those elements in Concepts No. 4, *Elements of Financial Statements*.

Pensions

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Wyoming Retirement System (WRS). The net pension liability is measured as of December 31, 2015.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D) Assets, Liabilities, and Net Position or Equity (cont.)

Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County. Collections and remittances of these taxes for other taxing districts are accounted for in the respective agency funds of the County.

County property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The County is permitted by Wyoming Statutes to levy taxes up to 13 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2016, was 12 mills, which means that the County has levied to the maximum amount available.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed (purchases method), within the fund level financial statements. On the other hand, the consumption method is used for reporting these inventories at the government-wide level.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D) Assets, Liabilities, and Net Position or Equity (cont.)

Restricted assets

Certain resources set aside are classified as restricted assets on the balance sheet because their use is limited by applicable restrictions imposed by the state of Wyoming. Revenues are restricted by the state for county road construction projects. The "capital projects fund (County Road Construction)" accounts for these restricted revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities columns in the government-wide financials statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Public domain infrastructure	50
Equipment	10
Vehicles	5
Office equipment	7
Computer equipment	7

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D) Assets, Liabilities, and Net Position or Equity (cont.)

Compensated absences

At June 30, 2016, the County's policy in relation to vacation, sick pay, and other employee benefits is that any such amounts unused at the end of the fiscal year are accrued. Unused sick pay is paid at the end of the year earned as part of the County's wellness program. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term liabilities

In the government-wide financial statement long-term debt, the net pension liability and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Fund equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the County Commissioners - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Commissioners removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. County Commissioners have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D) Assets, Liabilities, and Net Position or Equity (cont.)

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Accounting estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$7,133,045 difference are as follows:

Lease Purchase Obligations	\$ 379,405
Jail Bond Lease Obligation	2,590,000
Avery Hangar Loan	351,313
Airport Fuel Station	6,782
Net Pension Liability	3,618,826
Compensated Absences	<u>186,719</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 7,133,045</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 2. RECONCILIATION OF GOVERNMENT- WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Another element of that reconciliation states that “long term assets are not available to pay current period expenditures and are deferred in the funds.” The details of this \$154,921 are as follows:

Deferred revenue (property taxes)	\$ <u>154,921</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u><u>154,921</u></u>

The reconciliation states that the assets and liabilities of the internal service fund are included in the governmental activities statement of net position. The details of that \$1,383,836 are as follows:

Internal service fund assets	\$ 1,511,407
Internal service fund liabilities	<u>(127,571)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u><u>1,383,836</u></u>

Another element of the reconciliation states that deferred inflows of resources are reported in the Statement of Net Position. This consists of the deferred outflows of resources and deferred inflows of resources as part of the net pension liability calculation as follows:

Deferred outflows of resources	\$ 1,583,395
Deferred inflows of resources	<u>(369,241)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u><u>1,214,154</u></u>

B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (cont.)

the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$(56,215) difference are as follows:

Capital Outlay	\$	2,312,660
Depreciation expense		<u>(2,368,875)</u>
Net adjustment to decrease net change in <i>fund balance - total governmental funds</i> to arrive at changes in net assets of governmental activities.	\$	<u>(56,215)</u>

Another element of that reconciliation states "The net effect of certain activities of the internal service fund to decrease net position." The details of this \$42,330 difference are as follows

Internal Service Fund (Self Insurance Fund):			
Charges for services		\$	1,754,270
Insurance costs			(1,800,718)
Interest income			4,118
Net adjustment to increase net change in <i>fund balance - total governmental funds</i> to arrive at changes in net assets of governmental activities.		\$	<u>(42,330)</u>

Another element of that reconciliation states that "governmental funds report the purchase of inventory using the purchase method, however, in the statement of activities the change in inventory has been accounted for using the consumption method." The details of this \$(39,065) are as follows:

Inventory as of June 30, 2016	\$	197,706
Inventory as of June 30, 2015		<u>236,771</u>
Net adjustment to decrease net change in <i>fund balance - total governmental funds</i> to arrive at changes in net assets of governmental activities.	\$	<u>(39,065)</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (cont.)

Another element of that reconciliation states that “governmental funds report debt service payments as expenditures in the period paid, however, in the statement of activities these payments are not reported.” The details of that \$187,329 are as follows:

Lease purchase obligations	\$ (327,572)
Avery hangar loan	8,057
Jail bond lease principal payments	135,000
Fuel station loan	21,446
Change in compensated absences	<u>(24,260)</u>
Net adjustment to increase net change in <i>fund balance - total governmental funds</i> to arrive at changes in net assets of governmental activities.	\$ <u><u>(187,329)</u></u>

Another element of that reconciliation states revenues reported in the statement of activities do not provide current financial resources and are reported as deferred revenue in the governmental funds. The details of that \$9,496 are as follows:

Change in deferred property tax revenue	\$ <u>9,496</u>
Net adjustment to increase net change in <i>fund balance - total governmental funds</i> to arrive at changes in net assets of governmental activities.	\$ <u><u>9,496</u></u>

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) Budgets and Budgetary Accounting

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

- (1) Prior to May 15, the County Clerk submits to the Board of County Commissioners a

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

- (2) A public hearing is conducted no later than the third Monday or prior to the Second Monday of July to obtain public comments.
- (3) The budget is adopted on the Tuesday following the public hearing.
- (4) At the request of the County Clerk or upon its own motion after publication of notice, the Board of County Commissioners may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. Expenditures cannot exceed appropriations at the department level and any unexpended or unencumbered appropriations lapse at year end.
- (5) Formal legally adopted budgets are prepared as a management control device during the year for the General Fund, Special Revenue and Capital Project Funds.
- (6) Budgets for the General, Special Revenue and Capital Project Funds are adopted on a cash basis (Budgetary). Such basis is not consistent with generally accepted accounting principles (GAAP).

B) Budget amendments

During the 2016 fiscal year, it was necessary to amend the originally adopted budget. The following general fund departments and funds were amended through transfers between departments or funds, from cash reserves and or from unanticipated revenues:

General Fund:

Public Health Emergency Preparedness	\$	29,843
Natural Resoure Management Grant		50,120
Emergency Management		30,000
Highway Safety Grant		38,000
OHS Grant		24,697
Alcohol and Tobacco Inspection		3,000
UW Extension ERG Grant		6,693
SBHCSC HVAC Project		150,000
Total Budget Amendments	\$	332,353

C) Encumbrances

The encumbrances of amounts for which goods or services may not have been received are not recorded by the County. These amounts are not considered material in any of the County's various funds.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS

A) *Deposits and Investments*

Book value of cash deposits do not significantly differ from the bank balance. Depository balances and their insured or collateralized status at June 30, 2016 were as follows:

Primary Government:

FDIC Insured Coverage	\$ 250,000
Insured or collateralized by securities held by the County	<u>7,559,951</u>
Bank Balance at June 30, 2016	<u><u>\$ 7,809,951</u></u>

Discretely Presented Component Units

FDIC Insured Coverage	\$ 500,000
Insured or collateralized by securities held by the County	<u>876,040</u>
Bank Balance at June 30, 2016	<u><u>\$ 1,376,040</u></u>

Big Horn County utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "Cash and cash equivalents and investments".

Investment Policy

The County's general investment policy authorizes investments in

- A. United States treasury bills, notes or bonds;
- B. Bonds, notes, debentures, or any other obligation or securities issued or guaranteed by any federal government agency;
- C. Mortgage backed securities that are obligations of or guaranteed or insured issues of the United States or its agencies;
- D. A commingled fund of securities as allowed by State law, if the securities are held through a trust company of a bank authorized to do business in this State with the total capital of at least \$10,000,000;
- E. Certificates of deposits of savings or loan associations or banks that are authorized to do business in the State; and
- F. Any investments as authorized by Wyoming Statutes: 9-4-831.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

A) *Deposits and Investments (cont.)*

All securities purchased by and collateral on deposits of the County of Big Horn under this section shall be properly designated as an asset of the County and held in safekeeping by a third party custodian bank or third party custodian institution chartered by the United States government or the State of Wyoming, and no withdrawal of such securities shall be made from the safekeeping except by the Treasurer or Deputy Treasurer and evidenced by safekeeping receipts.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure to custodial credit risk, County policy requires that all deposits and investments be fully insured or collateralized.

Investment maturities in general investments at June 30, 2016 are as follows:

	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	Greater Than 5
Investment type:				
Fixed Income	\$ 1,219,758	\$ 1,219,758	-	-
Total Investments	\$ 1,219,758	\$ 1,219,758	-	-

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. All of the U.S. government agency investments are rated AA+ by Standard and Poor's and AAA by Moodys.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

B) Receivables

Receivables as of June 30, 2016 for the County's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Fair</u>	<u>Airport</u>	<u>Capital Projects Construction</u>	<u>Total</u>
Receivables:					
Accounts receivable	\$ 353,761	\$ -	\$ -	\$ 190,123	\$ 543,884
Grants receivable	72,099	25,000	1,878,961	-	1,976,060
Delinquent property taxes	179,376	-	-	-	179,376
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 605,236</u>	<u>\$ 25,000</u>	<u>\$ 1,878,961</u>	<u>\$ 190,123</u>	<u>\$ 2,699,320</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

C) Capital assets

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

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,226,217	\$ -	\$ -	\$ 4,226,217
Construction in process	<u>169,339</u>	<u>885,756</u>	<u>169,339</u>	<u>885,756</u>
Total capital assets not being depreciated	<u>4,395,556</u>	<u>885,756</u>	<u>169,339</u>	<u>5,111,973</u>
Capital assets being depreciated:				
Buildings	15,943,463	313,772	-	16,257,235
Machinery and equipment	5,853,416	1,113,132	-	6,966,548
Infrastructure	<u>125,719,165</u>	<u>-</u>	<u>-</u>	<u>125,719,165</u>
Total capital assets being depreciated	<u>147,516,044</u>	<u>1,426,904</u>	<u>-</u>	<u>148,942,948</u>
Less accumulated depreciation for:				
Buildings	4,338,353	289,025	-	4,627,378
Machinery and equipment	4,519,072	409,499	-	4,928,571
Infrastructure	<u>89,594,282</u>	<u>1,670,351</u>	<u>-</u>	<u>91,264,633</u>
Total accumulated depreciation	<u>98,451,707</u>	<u>2,368,875</u>	<u>-</u>	<u>100,820,582</u>
Total capital assets, being depreciated, net	<u>49,064,337</u>	<u>(941,971)</u>	<u>-</u>	<u>48,122,366</u>
	<u>\$ 53,459,893</u>	<u>\$ (56,215)</u>	<u>\$ 169,339</u>	<u>\$ 53,234,339</u>

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

Governmental activities:	
General government	\$ 152,179
Public safety	283,293
Public works	1,880,967
Health, welfare and recreation	50,794
Conservation of natural resources	<u>1,642</u>
Total depreciation expense - governmental activities	<u>\$ 2,368,875</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

C) Capital assets (cont.)

Discretely Presented Component Units

Activity for the **Weed and Pest Control** for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 51,155	\$ -	\$ -	\$ 51,155
Total capital assets not being depreciated	<u>51,155</u>	<u>-</u>	<u>-</u>	<u>51,155</u>
Capital assets being depreciated:				
Buildings	721,737	-	-	721,737
Machinery and equipment	449,014	39,197	-	488,211
Total capital assets being depreciated	<u>1,170,751</u>	<u>39,197</u>	<u>-</u>	<u>1,209,948</u>
Less accumulated depreciation for:				
Buildings	181,224	21,648	-	202,872
Machinery and equipment	321,232	34,069	-	355,301
Total accumulated depreciation	<u>502,456</u>	<u>55,717</u>	<u>-</u>	<u>558,173</u>
Total capital assets, being depreciated, net	<u>668,295</u>	<u>(16,520)</u>	<u>-</u>	<u>651,775</u>
	<u>\$ 719,450</u>	<u>\$ (16,520)</u>	<u>\$ -</u>	<u>\$ 702,930</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

C) Capital assets (cont.)

Activity for the **Byron Solid Waste District** for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 72,000	\$ 21,000	\$ -	\$ 93,000
Machinery and equipment	558,514	21,144	-	579,658
Total capital assets being depreciated	<u>630,514</u>	<u>42,144</u>	<u>-</u>	<u>672,658</u>
Less accumulated depreciation for:				
Buildings	50,580	2,790	-	53,370
Machinery and equipment	413,587	27,775	-	441,362
Total accumulated depreciation	<u>464,167</u>	<u>30,565</u>	<u>-</u>	<u>494,732</u>
Total capital assets, being depreciated, net	<u>\$ 166,347</u>	<u>\$ 11,579</u>	<u>\$ -</u>	<u>\$ 177,926</u>

Activity for the **County Fair** for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 194,500	\$ -	\$ -	\$ 194,500
Equipment	18,144	9,115	-	27,259
Total capital assets being depreciated	<u>212,644</u>	<u>9,115</u>	<u>-</u>	<u>221,759</u>
Less accumulated depreciation for:				
Buildings	159,500	2,500	-	162,000
Equipment	5,746	2,574	-	8,320
Total accumulated depreciation	<u>165,246</u>	<u>5,074</u>	<u>-</u>	<u>170,320</u>
Total capital assets, being depreciated, net	<u>\$ 47,398</u>	<u>\$ 4,041</u>	<u>\$ -</u>	<u>\$ 51,439</u>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

D) Long-Term Liabilities

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Compensated absences	\$ 162,459	\$ 24,260	\$ -	\$ 186,719
Lease purchase obligations	51,834	379,405	51,834	379,405
Note payable - Avery hangar	372,758	-	21,445	351,313
Note payable - Fuel station	14,839	-	8,057	6,782
Net pension liability	2,709,327	909,499	-	3,618,826
Jail bond lease	2,725,000	-	135,000	2,590,000
	<u>\$ 6,036,217</u>	<u>\$ 1,313,164</u>	<u>\$ 216,336</u>	7,133,045
Total primary government				(236,959)
Less: current portion				<u>\$ 6,896,086</u>
Total long-term liabilities				

Discretely Presented Component Units:

Weed and Pest District

Net pension liability	\$ 194,175	\$ 57,551	\$ -	\$ 251,726
Compensated absences	<u>2,692</u>	<u>7</u>	<u>-</u>	<u>2,699</u>
Total Weed and Pest District	<u>196,867</u>	<u>57,558</u>	<u>-</u>	<u>254,425</u>

County Fair

Net pension liability	\$ 29,279	\$ 4,459	\$ -	\$ 33,738
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Byron Solid Waste District

Net pension liability	\$ 76,858	\$ 20,213	\$ -	\$ 97,071
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Total discretely presented
component units

	<u>\$ 303,004</u>	<u>\$ 82,230</u>	<u>\$ -</u>	<u>\$ 385,234</u>
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Business-type Component Units:

Big Horn County Solid Waste District

Net pension liability	95,212	24,089	-	119,301
Landfill closure/post closure costs	\$ 4,100,000	\$ -	\$ -	\$ 4,100,000

Total business-type
component units

	<u>\$ 4,100,000</u>	<u>\$ 24,089</u>	<u>\$ -</u>	<u>\$ 4,124,089</u>
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BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

D) Long-Term Liabilities (cont.)

The annual requirements to amortize all debt outstanding except for compensated absences and landfill closure and post closure costs as of June 30, 2016 are as follows:

Year Ending June 30,	Note Payable Avery Hangar	Note Payable Fuel Station	Lease Purchase Obligations	Jail Bond Lease	Total
2017	\$ 22,544	6,782	\$ 80,932	\$ 135,000	\$ 245,258
2018	23,697	-	70,993	145,000	239,690
2019	24,909	-	73,357	150,000	248,266
2020	26,184	-	75,800	150,000	251,984
2021	27,523	-	78,323	150,000	255,846
2022-2026	160,237	-	-	850,000	1,010,237
2027-2031	66,219	-	-	1,010,000	1,076,219
	<u>\$ 351,313</u>	<u>6,782</u>	<u>\$ 379,405</u>	<u>\$ 2,590,000</u>	<u>\$ 3,327,500</u>

The following is a summary of long-term debt as of June 30, 2016:

Primary Government:

Compensated absences \$ 186,719

Long-Term Debt:

\$379,405 lease obligation on 911 equipment, annual payments of \$80,932 are due August 1 of each year through 2020 at 3.33% interest. \$ 379,405

Jail facility constructed with funds under a capital lease agreement. Total lease proceeds of \$3,820,000 at 5% interest will be paid back with approximate annual payments of \$260,000 including interest for 30 years. 2,590,000

\$500,000 note payable for purchase of the Avery Hangar with annual payments of \$39,597 including interest of 5.0% through 2027. 351,313

\$100,000 note payable for purchase of Airport fuel station with annual payments of \$13,950 including interest of 5.0% for 10 years. 6,782

Total Long-Term Debt \$ 3,327,500

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

E) Fund Balances

The County has implemented the provisions of GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended June 30, 2016. Fund balance, reported in the County's individual major funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	<u>General</u>	<u>Airport</u>	<u>Library</u>	<u>Capital Projects</u>	<u>Total Govern- mental Funds</u>
Non-spendable:					
Inventory	\$ 197,706	\$ -	\$ -	\$ -	\$ 197,706
Restricted:					
Capital Projects	-	-	-	1,132,757	1,132,757
Unassigned	<u>7,065,350</u>	<u>1,377,838</u>	<u>(12,834)</u>	<u>-</u>	<u>8,430,354</u>
 Total fund balances	 \$ <u>7,263,056</u>	 \$ <u>1,377,838</u>	 \$ <u>(12,834)</u>	 \$ <u>1,132,757</u>	 \$ <u>9,760,817</u>

F) Pensions

Plan Description

The Wyoming Retirement System (WRS) provides expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs. Through WRS, the state's public employers can offer cost-effective retirement benefits that attract and retain highly qualified professionals. WRS has been a partner in building financial security for members and their families since 1953, when the Wyoming Teachers Retirement System (est. 1943) and the State Employees Retirement Association (est. 1949) merged.

WRS has grown to encompass most non-federal public employees in Wyoming. WRS is administered by an 11-member board, which hires an executive director to oversee a staff of 40 employees. WRS consists of eight separate defined benefit pension plans, including: the Public Employee Plan; the Warden, Patrol and DCI Plan; two Paid Firefighter Plans; the Volunteer Firefighter & EMT Plan; the Air Guard Firefighter Plan; the Law Enforcement Plan and the Judicial Plan. The WRS 457 Deferred Compensation program and the State's Social Security 218 program are also administered by the Wyoming Retirement Board.

The active membership is comprised of employees from school districts, the University of Wyoming and community colleges, state and local government and various other political subdivisions. Any full-time or regular part-time employee of an employer as defined under W.S. 9-3-402(a)(vii). Members who join the State of Wyoming Retirement System by August 31, 2012 are in Tier 1, while members who join on or after September 1, 2012

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

are in Tier 2. For Tier 1 member: employee's average annual salary for the highest paid three continuous years of service. For Tier 2 member: employee's average annual salary for the highest paid five continuous years of service.

Summary of Benefits

- Pension: WRS Pension Plans provide a member a monthly payment for life once the member meets age, vesting and service qualifications. In general, the amount of this "defined benefit" is determined by a formula based on the member's salary, length of service and age at retirement.
- Personal Investments: WRS administers a Deferred Compensation 457 Plan, which is an elective supplemental savings plan. The 457 Plan is a type of "defined contribution" plan and is commonly understood as a 401(k) plan for the public sector. The 457 Plan allows individuals to build personal assets for retirement inside a tax-advantaged structure with both pre-tax and after-tax options.
- Social Security: Most of WRS' members also participate in Social Security with the exception of paid firefighters and some police.

Eligibility for benefit

- Tier 1 members may retire upon normal retirement on the date he/she attains age 60 with four or more years of service while Tier 2 members may retire upon normal retirement on the date he/she attains age 65 with four or more years of service.
- All employees may also retire upon normal retirement on the date that the sum of the member's age and service is at least 85.
- Tier 1 members are eligible for a reduced benefit at age 50 with four or more years of service and Tier 2 members are eligible for a reduced benefit at age 55 with four or more years of service.
- All members are eligible for a reduced benefit at any age with 25 or more years of service.
- Disability requires ten or more years of service with benefit earned as of the date of disability, payable immediately.
- Pre-retirement Death Benefit has no age or service requirement with a lump sum equal to two times the employee contributions with interest. If the employee is vested, the beneficiary can elect, in lieu of this lump sum, to receive a monthly annuity equal to the actuarial equivalent of the retirement benefit that would be due the employee.
- Cost-of-Living Improvements are prohibited under W.S. 9-3-454 unless the funded ration stays above 100% plus a margin for adverse experience throughout the life of the benefit change.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

Vesting

- Any employee who has left employment with four or more years of service, and who has not withdrawn accumulated contributions, is eligible to receive the above benefit or can elect to receive a lump-sum refund of employee contributions with interest. An employee who terminates with less than four years of service is only eligible for the lump-sum benefit.

Monthly benefit formula

- For Tier 1 member: 2.125% of employee's Final Average Salary for each year of credited service for the first 15 years of service credit plus 2.25% of Final Average Salary for any years of service credit exceeding 15 years.
- For Tier 2 member: 2.000% of employee's Final (5-year) Average Salary for each year of credited service. This amount is reduced by 5.0% per year that the employee is under age 60 for Tier 1 and under age 65 for Tier 2. However, members retiring with a combined age and service of at least 85 receive an unreduced benefit. Employees hired prior to July 1, 1981 may be entitled to benefits earned under a different formula.

Total number of members (employees) covered by benefit terms as of June 30, 2016:

- Retirees and Beneficiaries – 23,760
- Inactive, Nonretired Members – 26,147
- Active Members – 36,489
- Total – 86,396

Overview of Contributions

- Employee 8.25% of salary before July 1, 2015
- Employer 7.62% of salary before July 1, 2015 and 8.37% after

Stand-Alone Statements

The PERS financial information is reported in the Wyoming Retirement System's *Comprehensive Annual Financial Report* for the fiscal year ended. It is available from the WRS at 6101 Yellowstone Road, Suite 500 Cheyenne, Wyoming 82002 (307) 777-7691.

CAFR information including WRS stand alone financial statements can be found on their web site at <http://retirement.state.wy.us/home/reports.html>

The latest actuarial valuation and experience study can be found at their website at <http://retirement.state.wy.us/employers/GASB.html>

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

Deferred Inflows and Outflows

At June 30, 2016, the County reported a liability of \$3,618,826 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2015, the County's proportion was .1281234060%, which was an decrease of 0.008582417% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$277,642. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirements plan investments	1,224,665	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	369,241
County contributions subsequent to the measurement date	358,730	-
	<u>\$ 1,583,395</u>	<u>\$ 369,241</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes in net pension liability to be recognized in future periods in a systematic and rational manner.

\$358,730 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

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

Year Ending June 30,	2015	2016
2017	\$ 74,271	\$ 18,866
2018	74,271	18,866
2019	75,124	18,866
2020	-	18,687
2021	-	-
Thereafter	-	-
	\$ 25,283	\$ 75,285

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes proportionate share: There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the NPL.

Actuarial Assumptions

The Total Pension Liability as of June 30, 2016, is based on the results of an actuarial valuation date of December 31, 2015. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the last actuarial experience study, dated January 1, 2015. Among those assumptions were the following:

General Wage Growth (including inflation)	4.25%-6.00%
Investment Return	7.75%
Price Inflation	3.25%
Post-Retirement Mortality	
- RP-2000 Combined Mortality Table, generational projected with Scale BB	

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale BB.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables projected forward five years with scale BB.

Discount Rate

A Single Discount Rate of 7.750% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.750%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and the employer contributions will be made at the current scheduled contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Target Allocations

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	2.5%	0.25%
Fixed Income	15.00%	0.87%
Equity	59.00%	5.13%
Marketable Alternatives	15.50%	4.75%
Private Markets	8.00%	5.84%
Total	<u>100.00%</u>	

The figures in the above table were supplied by New England Pension Consultants (NEPC); the investment consulting firm to the Wyoming Retirement System.

Sensitivity Analysis

	1% Decrease <u>6.75%</u>	Discount Rate <u>7.75%</u>	1% Increase <u>8.75%</u>
County's proportionate share of the net pension plan liability	\$ 5,404,174	\$ 3,618,826	\$ 2,377,894

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

F) Pensions (cont.)

be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

G) Other Information

Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the years ended June 30, 2016 and 2015 the Government contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy vary in amounts and deductibles. The Government has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The government has had no significant reductions in insurance coverage from coverage in the prior years.

The Government pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs.

Employee Benefits Fund

The County provides medical related benefits to eligible employees through a self-insured plan, administered by a third party administrator. The costs of benefits paid, administrative fees, and reinsurance premiums are paid through an internal service fund maintained by the County. Claims payable at June 30, 2016 and 2015 including the third party administrator's estimate of claims incurred but not yet presented (IBNR) were:

<u>Year Ended</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
June 30, 2016	\$ 170,246	\$ 1,409,647	\$ 1,452,322	\$ 127,571
June 30, 2015	\$ 70,000	\$ 1,477,095	\$ 1,376,849	\$ 170,246

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 4. DETAILED NOTES ON ALL FUNDS (cont.)

G) Other Information (cont.)

Closure and Post-closure Care Liability

The EPA established closure and post-closure regulations for landfills operating after October, 1991. The Wyoming Department of Environmental quality (DEQ) is required to administer a program of compliance and assurances to provide for liabilities of landfill closings. Consequently, the landfills are recognizing in their long term debt, the costs (liability) for closure and post-closure costs related to the capacity of the landfill that has been utilized. The following estimates and determination of liability is based on engineer's estimates to close both North and South landfills. Construction on the transfer station for the South landfill has been completed in anticipation of closing the County's landfills. It is expected that the North transfer station will begin in future years.

The schedule for closure and post-closure costs of Big Horn County landfill (a component unit proprietary fund) are as follows:

	Engineer's estimate to close
South Big Horn County Landfill	\$ <u>2,400,000</u>
North Big Horn County Landfill	1,700,000
TOTAL	\$ <u><u>4,100,000</u></u>

NOTE 5. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the County recognized deferred inflows of resources in the government-wide, governmental fund, and proprietary fund statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has one item that is reportable on the Government-wide Statement of Net Position which relates to outflows from changes in the net pension liability. Deferred outflows of resources that are reported in the proprietary funds are included in the Government-wide Statement of Net Position.

BIG HORN COUNTY, WYOMING
Notes to Financial Statements
June 30, 2016

NOTE 5. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (cont.)

Deferred outflows of resources balances for the year ended June 30, 2016 were as follows:

Government-wide Deferred Outflows	
Governmental Activities	
Pensions	\$ 1,583,395
Total Governmental Activities	<u>1,583,395</u>
Business-type Activities	
Pensions	<u>34,715</u>
Total Business-type Activities	<u>34,715</u>
Total Government-wide Deferred Outflows	<u>\$ 1,618,110</u>

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the County recognized deferred inflows of resources in the government-wide, governmental fund, and proprietary fund statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has one item that is reportable on the Government-wide Statement of Net Position which relates to inflows from changes in the net pension liability. Deferred inflows of resources that are reported in the proprietary funds are included in the Government-wide Statement of Net Position.

Deferred inflows of resources balances for the year ended June 30, 2016 were as follows:

Government-wide Deferred Inflows	
Governmental Activities	
Pensions	\$ 369,241
Total Governmental Activities	<u>369,241</u>
Business-type Activities	
Pensions	<u>10,306</u>
Total Business-type Activities	<u>10,306</u>
Total Government-wide Deferred Inflows	<u>\$ 379,547</u>

NOTE 6. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 21, 2016, which is the date the financial statements were available to be issued. Management is not aware of any legal action filed against the County that is both probable and reasonably estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<u>PROPERTY TAX AND OTHER TAXES</u>				
Property taxes - current and delinquent	\$ 50,000	\$ 50,000	\$ 3,320,140	\$ 3,270,140
Vehicle fees	356,850	356,850	414,887	58,037
Car company and other taxes	211,650	211,650	238,519	26,869
Payments in lieu of property taxes	300,000	300,000	1,214,156	914,156
Sales and use taxes	1,709,000	1,709,000	1,574,053	(134,947)
	<u>2,627,500</u>	<u>2,627,500</u>	<u>6,761,755</u>	<u>4,134,255</u>
<u>LICENSES AND PERMITS</u>	<u>13,400</u>	<u>13,400</u>	<u>26,453</u>	<u>13,053</u>
<u>INTERGOVERNMENTAL REVENUES</u>				
State gasoline tax	650,000	650,000	682,667	32,667
Cigarette tax	400	400	611	211
Severance tax	475,000	475,000	595,289	120,289
Forest reserve	250,000	250,000	292,516	42,516
Grant revenue	463,932	793,285	902,900	109,615
Other	104,328	104,328	101,775	(2,553)
	<u>1,943,660</u>	<u>2,273,013</u>	<u>2,575,758</u>	<u>302,745</u>
<u>CHARGES FOR SERVICES</u>				
Clerk of Court fees	18,100	18,100	30,674	12,574
County Clerk fees	170,000	170,000	192,147	22,147
County Sheriff fees	5,010	5,010	7,918	2,908
Public Health Nurse	60,001	60,001	76,904	16,903
Detention center fees	804,594	804,594	1,354,826	550,232
Commissions and fees	6,510	6,510	9,744	3,234
	<u>1,064,215</u>	<u>1,064,215</u>	<u>1,672,213</u>	<u>607,998</u>
<u>MISCELLANEOUS REVENUES</u>				
Interest earnings	8,000	8,000	16,845	8,845
Other income	450,156	450,156	275,059	(175,097)
	<u>458,156</u>	<u>458,156</u>	<u>291,904</u>	<u>(166,252)</u>
Total revenues	<u>6,106,931</u>	<u>6,436,284</u>	<u>11,328,083</u>	<u>4,891,799</u>
<u>GENERAL GOVERNMENT</u>				
County Commissioners:				
Salaries	85,965	85,965	85,965	-
Other expenditures	93,192	93,192	84,012	9,180
Capital outlay	200	200	600	400
	<u>179,357</u>	<u>179,357</u>	<u>170,577</u>	<u>9,580</u>

(Continued)

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<u>GENERAL GOVERNMENT (Continued)</u>				
County Clerk:				
Salaries	\$ 277,464	\$ 277,464	\$ 246,778	\$ 30,686
Other expenditures	190,708	190,708	145,307	45,401
Capital outlay	500	500	1,350	(850)
	<u>468,672</u>	<u>468,672</u>	<u>393,435</u>	<u>75,237</u>
County Treasurer:				
Salaries	202,066	202,066	193,094	8,972
Other expenditures	146,570	146,570	110,108	36,462
Capital outlay	1,500	1,500	-	1,500
	<u>350,136</u>	<u>350,136</u>	<u>303,202</u>	<u>46,934</u>
County Assessor:				
Salaries	200,765	200,765	201,005	(240)
Other expenditures	177,350	177,350	148,738	28,612
Capital outlay	1,000	1,000	29	971
	<u>379,115</u>	<u>379,115</u>	<u>349,772</u>	<u>29,343</u>
County Attorney:				
Salaries	215,501	215,501	212,423	3,078
Other expenditures	133,700	133,700	79,173	54,527
Capital outlay	3,050	3,050	2,707	343
	<u>352,251</u>	<u>352,251</u>	<u>294,303</u>	<u>57,948</u>
Clerk of District Court:				
Administration:				
Salaries	132,491	132,491	126,325	6,166
Other expenditures	78,934	78,934	54,704	24,230
Capital outlay	500	500	352	148
	<u>211,925</u>	<u>211,925</u>	<u>181,381</u>	<u>30,544</u>
Court Costs:				
Salaries	3,600	3,600	-	3,600
Other expenditures	57,500	57,500	31,764	25,736
	<u>61,100</u>	<u>61,100</u>	<u>31,764</u>	<u>29,336</u>
Elections:				
Salaries	77,725	77,725	69,062	8,663
Other expenditures	88,176	88,176	73,321	14,855
Capital outlay	100	100	5,803	(5,703)
	<u>166,001</u>	<u>166,001</u>	<u>148,186</u>	<u>17,815</u>

(Continued)

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund (Continued)
For the Year Ended June 30, 2016

<u>GENERAL GOVERNMENT (Continued)</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Planning and Zoning:				
Salaries	\$ 110,130	\$ 110,130	\$ 110,264	\$ (134)
Other expenditures	155,990	155,990	83,177	72,813
Capital outlay	500	500	-	500
	<u>266,620</u>	<u>266,620</u>	<u>193,441</u>	<u>73,179</u>
County Engineer:				
Other expenditures	100,075	100,075	92,990	7,085
Capital outlay	500	500	147	353
	<u>100,575</u>	<u>100,575</u>	<u>93,137</u>	<u>7,438</u>
Courthouse:				
Salaries	100,430	100,430	88,840	11,590
Other expenditures	363,318	363,318	354,612	8,706
Capital outlay	9,000	9,000	7,420	1,580
	<u>472,748</u>	<u>472,748</u>	<u>450,872</u>	<u>21,876</u>
Fire Warden:				
Salaries	5,100	5,100	4,125	975
Other expenditures	19,122	19,122	10,578	8,544
	<u>24,222</u>	<u>24,222</u>	<u>14,703</u>	<u>9,519</u>
Other general accounts:				
Other expenditures	973,308	998,125	830,855	167,270
Capital outlay	54,000	54,000	53,545	455
	<u>1,027,308</u>	<u>1,052,125</u>	<u>884,400</u>	<u>167,725</u>
 Total general government	 <u>4,060,030</u>	 <u>4,084,847</u>	 <u>3,509,173</u>	 <u>575,674</u>

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>PUBLIC SAFETY</u>				
County Sheriff:				
Salaries	\$ 894,385	\$ 894,385	\$ 885,762	\$ 8,623
Other expenditures	832,547	832,547	818,193	14,354
Capital outlay	125,000	125,000	117,679	7,321
	<u>1,851,932</u>	<u>1,851,932</u>	<u>1,821,634</u>	<u>30,298</u>
County Coroner:				
Salaries	37,770	37,770	35,063	2,707
Other expenditures	76,090	76,090	66,355	9,735
	<u>113,860</u>	<u>113,860</u>	<u>101,418</u>	<u>12,442</u>
County Detention Center:				
Salaries	954,278	954,278	929,519	24,759
Other expenditures	1,070,047	1,070,047	977,302	92,745
Capital outlay	88,600	88,600	35,194	53,406
	<u>2,112,925</u>	<u>2,112,925</u>	<u>1,942,015</u>	<u>170,910</u>
Emergency Management:				
Salaries	97,940	97,940	78,257	19,683
Other expenditures	145,686	205,529	75,897	129,632
Capital outlay	2,000	2,000	411	1,589
	<u>245,626</u>	<u>305,469</u>	<u>154,565</u>	<u>150,904</u>
Search and Rescue:				
Other expenditures	81,664	81,664	81,131	533
Capital outlay	700	700	92	608
	<u>82,364</u>	<u>82,364</u>	<u>81,223</u>	<u>1,141</u>
 Total public safety	 <u>4,406,707</u>	 <u>4,466,550</u>	 <u>4,100,855</u>	 <u>365,695</u>

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>PUBLIC WORKS</u>				
Road and Bridge:				
Salaries	\$ 477,360	\$ 477,360	\$ 452,817	\$ 24,543
Other expenditures	928,640	928,640	738,587	190,053
Capital outlay	2,000	2,000	1,871	129
	<u>1,408,000</u>	<u>1,408,000</u>	<u>1,193,275</u>	<u>214,725</u>
Other Public Works:				
Other expenditures	<u>35,000</u>	<u>35,000</u>	<u>6,190</u>	<u>28,810</u>
Total public works	<u>1,443,000</u>	<u>1,443,000</u>	<u>1,199,465</u>	<u>243,535</u>
<u>HEALTH, WELFARE AND RECREATION</u>				
Health officer:				
Salaries	53,800	53,800	45,524	8,276
Other expenditures	181,952	181,952	150,823	31,129
Capital outlay	2,000	2,000	1,927	73
	<u>237,752</u>	<u>237,752</u>	<u>198,274</u>	<u>39,478</u>
Public Health Nurse:				
Salaries	27,974	27,974	25,234	2,740
Other expenditures	26,654	26,654	18,504	8,150
Capital outlay	400	400	-	400
	<u>55,028</u>	<u>55,028</u>	<u>43,738</u>	<u>11,290</u>
Maternal Child:				
Other expenditures	<u>12,500</u>	<u>12,500</u>	<u>1,417</u>	<u>11,083</u>
TANF Program:				
Salaries	93,971	93,971	30,992	62,979
Other expenditures	374,451	619,944	383,520	236,424
	<u>468,422</u>	<u>713,915</u>	<u>414,512</u>	<u>299,403</u>
Other Health, Welfare and Recreation:				
Other expenditures	<u>22,500</u>	<u>22,500</u>	<u>21,000</u>	<u>1,500.00</u>
Total Health, Welfare and Recreation	<u>796,202</u>	<u>1,041,695</u>	<u>678,941</u>	<u>362,754</u>

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>CONSERVATION OF NATURAL RESOURCES</u>				
Agriculture department:				
Salaries	\$ 50,500	\$ 52,700	\$ 50,775	\$ 1,925
Other expenditures	63,700	63,700	56,621	7,079
Capital outlay	4,000	4,000	28	3,972
	<u>118,200</u>	<u>120,400</u>	<u>107,424</u>	<u>12,976</u>
 Total conservation of natural resources	 <u>118,200</u>	 <u>120,400</u>	 <u>107,424</u>	 <u>12,976</u>
 Total expenditures	 <u>10,824,139</u>	 <u>11,156,492</u>	 <u>9,595,858</u>	 <u>1,560,634</u>
 Excess (deficiency) of revenues over expenditures	 (4,717,208)	 (4,720,208)	 1,732,225	 6,452,433
 Fund balance at beginning of year	 <u>6,016,410</u>	 <u>6,016,410</u>	 <u>6,016,410</u>	 <u> </u>
 Fund balance at end of year	 <u>\$ 1,299,202</u>	 <u>\$ 1,296,202</u>	 <u>\$ 7,748,635</u>	 <u>\$ 6,452,433</u>

See accompanying notes to required supplementary information

BIG HORN COUNTY, WYOMING
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

1) Explanation of differences between Budgetary Basis and GAAP Basis

		<u>General Fund</u>
Revenues:		
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$	11,328,083
Differences - Budget Basis to GAAP:		
Change in receivables		<u>(338,142)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>10,989,941</u></u>
Expenditures:		
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$	9,595,858
Differences - Budget Basis to GAAP:		
Change in payables		<u>693,982</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>10,289,840</u></u>

Schedule of Proportionate Share of the Net Pension Liability Public Employees Retirement System of Wyoming

	<u>2015</u>	<u>2016</u>
County's proportion of net pension liability	.1367058240%	.1281234060%
County's proportionate share of the net pension liability	2,709,327	3,618,825
County's covered-employee payroll	4,299,457	4,123,289
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.02%	87.77%
Plan fiduciary net position as a percentage of the total pension liability	79.084%	73.40%

* Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

BIG HORN COUNTY, WYOMING
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

Schedule of Contributions

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 358,339	\$ 215,775
Contractually required contributions	<u>298,945</u>	<u>185,295</u>
Contribution deficiency (excess)	\$ <u>59,394</u>	\$ <u>30,480</u>
County's covered-employee payroll	\$ 4,299,457	\$ 4,123,289
Contributions as a percentage of covered-employee payroll	6.96%	4.49%

* Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

Budgetary to Actual Comparison Schedules

GASB Statement No. 34 paragraph 130 requires budgetary comparison schedules for the general fund and each major fund to be presented as required supplementary information. The County has three additional major governmental funds for which a legally adopted budget is required. These budgetary comparisons are being presented as other supplementary information to demonstrate compliance with finance related legal requirements and are presented using a cash basis of accounting.

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget (Budgetary Basis) and Actual
County Road Construction Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 500,000	\$ 500,000	\$ 538,193	\$ 38,193
Miscellaneous revenues	10	10	-	(10)
Total revenues	<u>500,010</u>	<u>500,010</u>	<u>538,193</u>	<u>38,183</u>
Expenditures:				
Capital outlay - construction	<u>1,200,870</u>	<u>1,986,740</u>	<u>268,736</u>	<u>1,718,004</u>
Excess (deficiency) of revenues over expenditures	(700,860)	(1,486,730)	269,457	1,756,187
Transfer In (Out)	-	-	(100,000)	(100,000)
Fund balance at beginning of year	<u>906,488</u>	<u>906,488</u>	<u>906,488</u>	<u>-</u>
Fund balance at end of year	<u>\$ 205,628</u>	<u>\$ (580,242)</u>	<u>\$ 1,075,945</u>	<u>\$ 1,656,187</u>

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – Airport Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 500	\$ 500	\$ 560	\$ 60
Intergovernmental revenue	2,392,960	2,392,960	752,848	(1,640,112)
Charges for services	166,647	166,647	196,121	29,474
Miscellaneous revenues	4,145	4,145	6,378	2,233
Total revenues	<u>2,564,252</u>	<u>2,564,252</u>	<u>955,907</u>	<u>(1,608,345)</u>
Expenditures:				
Public works	310,982	310,982	274,767	36,215
Capital outlay	2,479,743	2,479,743	525,843	1,953,900
Total expenditures	<u>2,790,725</u>	<u>2,790,725</u>	<u>800,610</u>	<u>1,990,115</u>
Excess (deficiency) of revenues over expenditures	(226,473)	(226,473)	155,297	381,770
Fund balance at beginning of year	<u>(476,981)</u>	<u>(476,981)</u>	<u>(476,981)</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (703,454)</u></u>	<u><u>\$ (703,454)</u></u>	<u><u>\$ (321,684)</u></u>	<u><u>\$ 381,770</u></u>

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – County Library
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous revenues	\$ 6,996	\$ 6,996	\$ 12,034	\$ 5,038
Total revenues	<u>6,996</u>	<u>6,996</u>	<u>12,034</u>	<u>5,038</u>
Expenditures:				
Health, welfare and recreation	<u>400,445</u>	<u>400,445</u>	<u>356,315</u>	<u>44,130</u>
Total expenditures	<u>400,445</u>	<u>400,445</u>	<u>356,315</u>	<u>44,130</u>
Excess (deficiency) of revenues over expenditures	(393,449)	(393,449)	(344,281)	49,168
Transfer In (Out)	-	-	325,474	325,474
Fund balance at beginning of year	<u>346,701</u>	<u>346,701</u>	<u>346,701</u>	<u>-</u>
Fund balance at end of year	<u>\$ (46,748)</u>	<u>\$ (46,748)</u>	<u>\$ 327,894</u>	<u>\$ 374,642</u>

Discretely Presented Component Units

Budgetary to Actual Comparison Schedules

GASB Statement No. 34 does not require budgetary comparison statements for discretely presented component units of the primary government. No separate financial statements are issued for Big Horn County's discretely presented component units, therefore, the following budget to actual schedules are presented for additional analysis using the cash basis of accounting.

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual –
Weed and Pest Control District
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 588,516	\$ 588,516	\$ 623,141	\$ 34,625
Charges for services	-	-	216,769	216,769
Grant revenue	106,966	106,966	219,842	112,876
Miscellaneous revenues	400,000	400,000	78,074	(321,926)
Total revenues	<u>1,095,482</u>	<u>1,095,482</u>	<u>1,137,826</u>	<u>42,344</u>
Expenditures:				
Public works	1,187,482	1,187,482	875,036	312,446
Capital outlay	72,000	72,000	54,615	17,385
Total expenditures	<u>1,259,482</u>	<u>1,259,482</u>	<u>929,651</u>	<u>329,831</u>
Excess (deficiency) of revenues over expenditures	(164,000)	(164,000)	208,175	372,175
Fund balance at beginning of year	<u>1,143,313</u>	<u>1,143,313</u>	<u>1,143,313</u>	<u>-</u>
Fund balance at end of year	<u>\$ 979,313</u>	<u>\$ 979,313</u>	<u>\$ 1,351,488</u>	<u>\$ 372,175</u>

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual – County Fair
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
County support	-	-	117,358	117,358
Charges for services	\$ 69,900	\$ 69,900	\$ 95,034	\$ 25,134
Total revenues	<u>69,900</u>	<u>69,900</u>	<u>212,392</u>	<u>142,492</u>
Expenditures:				
Health, welfare and recreation	193,351	223,677	203,000	20,677
Excess (deficiency) of revenues over expenditures	(123,451)	(153,777)	9,392	163,169
Fund balance at beginning of year	<u>(31,613)</u>	<u>(31,613)</u>	<u>(31,613)</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>(155,064)</u></u>	\$ <u><u>(185,390)</u></u>	\$ <u><u>(22,221)</u></u>	\$ <u><u>163,169</u></u>

BIG HORN COUNTY, WYOMING
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual –
Byron Solid Waste District
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 250,591	\$ 250,591	\$ 263,185	\$ 12,594
Miscellaneous revenues	4,497	4,497	5,520	1,023
Total revenues	<u>255,088</u>	<u>255,088</u>	<u>268,705</u>	<u>13,617</u>
Expenditures:				
Public works	449,400	449,400	281,675	167,725
Total expenditures	<u>449,400</u>	<u>449,400</u>	<u>281,675</u>	<u>167,725</u>
Excess (deficiency) of revenues over expenditures	(194,312)	(194,312)	(12,970)	181,342
Fund balance at beginning of year	<u>1,121,525</u>	<u>1,121,525</u>	<u>1,121,525</u>	<u>-</u>
Fund balance at end of year	<u>\$ 927,213</u>	<u>\$ 927,213</u>	<u>\$ 1,108,555</u>	<u>\$ 181,342</u>

SINGLE AUDIT SECTION

The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

BIG HORN COUNTY, WYOMING
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass - Through Grantor Program Title	Federal CFDA Number	Direct or Pass - Through Grantor's Number	Program Expenditures
Primary Government:			
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Wyoming Department of Health:</i>			
Temporary Assistance for Needy Families	93.558	None	\$ 12,624
Emergency Preparedness	93.069	None	67,041
Maternal Child Health	93.994	None	17,784
Total Department of Health and Human Services			97,449
<u>U.S. Department of Agriculture</u>			
Forest Reserve	10.666	None	292,516
<i>Passed through Wyoming Department of HHS:</i>			
Women, Infants and Children	10.557	None	43,738
<i>Passed through Wyoming State Forestry Division:</i>			
Firewise Grant	10.664	None	2,254
Total Department of Agriculture			338,508
<u>U.S. Department of Justice</u>			
COPS Hiring Program Grant	16.710		51,392
Total Department of Justice			51,392
<u>U.S. Department of Transportation</u>			
<i>Passed through Wyoming Dept. of Transportation:</i>			
North Ramp - B	20.106	3-56-0008-012-2015	95,684
South Apron Phase II	20.106	3-56-0013-020-2016	162,004
Total Department of Transportation			257,688

BIG HORN COUNTY, WYOMING
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor/ Pass - Through Grantor Program Title	Federal CFDA Number	Direct or Pass - Through Grantor's Number	Program Expenditures
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Wyoming Office of Homeland Security:</i>			
Homeland Security Coroner Grant	97.067	15-GPD-BIG-LC-HLC15	866
Law Enforcement (LETPA)	97.067	15-GPD-BIG-LS-HLE15	3,566
Speed Grant	97.067	15-GPD-BIG-LS-HLE15	19,231
Total CFDA 97.067			<u>23,663</u>
Emergency Management Performance	97.042	15-GPD-BIG-EM-GCF15	40,455
Total Department of Homeland Security			<u>64,118</u>
Total Primary Government - Expenditures of Federal Awards			\$ <u><u>809,156</u></u>

BIG HORN COUNTY, WYOMING
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

Note 1 – Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal activity of Big Horn County under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations (CFR), 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 Big Horn County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Big Horn County.

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented on the cash basis of accounting in accordance with Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of federal funds are made, revenue is recognized.

Big Horn County does not use the 10% de minimis cost rate as permitted by 200.14 of the Uniform Guidance.

Note 3 – Non-Cash Assistance

The County did not receive any non-cash assistance.

JAMES REILLY, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

James W. Reilly, CPA

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

To the County Commissioners
Big Horn County, Wyoming

I 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Big Horn County, Wyoming, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Big Horn County, Wyoming's basic financial statements and have issued my report thereon dated November 21, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Big Horn 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Horn County, Wyoming's internal control. Accordingly, I do not express an opinion on the effectiveness of Big Horn 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 a 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.

My consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies, see findings 2016-001 and 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Horn County, Wyoming's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002.

Big Horn County, Wyoming's Response to Findings

Big Horn County, Wyoming's response to the findings identified in my audit is described in the accompanying schedule of client response to findings . Big Horn County, Wyoming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Cody, Wyoming
November 21, 2016

JAMES REILLY, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

James W. Reilly, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Commissioners
Big Horn County, Wyoming

Report on Compliance for Each Major Federal Program

I have audited Big Horn County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Big Horn County, Wyoming's major federal programs for the year ended June 30, 2016. Big Horn County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Big Horn County, Wyoming's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Big Horn County, Wyoming's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Big Horn County, Wyoming's compliance.

Opinion on Each Major Federal Program

In my opinion, Big Horn County, Wyoming, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items, see finding 2016-001. My opinion on each major federal program is not modified with respect to this matter. Our opinion on each major program is not modified with respect to these matters.

Big Horn County, Wyoming's response to the noncompliance findings identified in my audit is described in the accompanying schedule of client response to findings. Big Horn County, Wyoming's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

Management of Big Horn 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 my audit of compliance, I considered Big Horn 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Big Horn County, Wyoming'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 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.

My consideration of 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. I 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 my 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 purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

I have audited the financial statements of Big Horn County, Wyoming as of and for the year ended June 30, 2016, and have issued my report thereon dated November 21, 2016, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Cody, Wyoming
November 21, 2016

BIG HORN COUNTY, WYOMING
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified No
- Significant Deficiencies identified that are not considered material weaknesses Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant Deficiencies identified that are not considered material weaknesses Yes

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes

The programs tested as major programs were:

<u>Program</u>	<u>Federal Agency</u>	<u>Pass-through</u>	<u>CFDA</u>
Airport Improvements Projects	U.S. Dept. of Transportation	WY Dept. of Transportation Aeronautical Division	20.106
Emergency Preparedness	U.S. Dept. of Health and Human Services	WY Dept. of Health	93.069

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

Auditee qualified as low-risk auditee? No

BIG HORN COUNTY, WYOMING
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Section II – Financial Statement Findings

Significant Deficiency

2016-001:

Criteria: Segregation of duties is a primary aspect of internal control. Segregation of duties implies that one individual not be able to control or influence a transaction from initiation to posting and/or have access to both assets and the accounting records.

Condition: There are various functions in which segregation of duties are not maintained.

Effect: Adequate segregation of duties were not met due to the reason stated under "Cause" below. Big Horn County, Wyoming's accounting and reporting system did not have all necessary controls in place. This control deficiency is prevalent in organizations in small local governmental entities.

Cause: Segregation of duties was not met due to the small size of the entity and budget constraints that inhibit the hiring of adequate personnel to remedy this deficiency. It may not be feasible for them to maintain adequate segregation of duties due to these constraints.

2016-002:

Criteria: Auditing standards require the auditor to determine whether the entities' internal control system allows for the reliable reporting of financial data, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

Condition: The internal control system of Big Horn County, Wyoming does not have the expertise to prepare financial statements which includes note disclosures in accordance with GAAP.

Effect: Big Horn County, Wyoming can approve financial statements, related disclosures, and adjusting entries, however, required presentation may not be properly evaluated. It may not be cost effective for Big Horn County, Wyoming to retain and train personnel to prepare GAAP financial statements. Management should be aware of and continue to evaluate the impact of this deficiency.

Cause: Changes in accounting and reporting standards require personnel to maintain proficiency with new accounting pronouncements. The required expertise would be cost prohibited.

Section III – Federal Award Findings and Questioned Costs

See 2016-001 above as applicable to 20.106 – Airport Improvement Program and 93.069 – Emergency Preparedness.

BIG HORN COUNTY, WYOMING
Corrective Action Plan
June 30, 2016

CORRECTIVE ACTION PLAN:

Finding 2016-001:

Contact Person: Lori Smallwood, County Clerk

Corrective Action Planned:

Although segregation may not be at the highest level due to the size of the organization, the Board of Commissioners and management takes very seriously the purpose of the entity and the necessary oversight to ensure it can continue to function in its capacity and for its purpose. This is continually evaluated and the Board of Commissioners strives to provide adequate oversight to minimize the possible effect of this item.

Effective date:

The procedures to minimize the lack of segregation of duties were existing at the time of audit. The Commissioners and management are aware of the condition, and continue to monitor and provide oversight controls over accounting functions.

Finding 2016-002 - not a deficiency for Uniform Guidance:

Contact Person: Lori Smallwood, County Clerk

Corrective Action Planned:

It is not feasible to hire someone with the required level of expertise at this time; however, we will continue to evaluate this item.

Effective date:

The Commissioners will continue to consider and evaluate the necessity of this position.

BIG HORN COUNTY, WYOMING
Schedule of Prior Audit Findings
June 30, 2016

2016-001: not a deficiency for Uniform Guidance:

Criteria/Requirement: Segregation of duties is a primary aspect of internal control. Segregation of duties provided that one individual not be able to handle or dominate a transaction from initiation to posting and/or have access to both assets and the accounting records.

Condition: There are various functions which do not maintain this type of segregation.

Follow-up: Management continues to evaluate and manage within feasible parameters due to the size and budget of the organization, as listed above in the "Corrective Action Plan" related to 2015-001 in the current year. This is a repeat deficiency due to the size of the organization.

2015-002 - not a deficiency for Uniform Guidance:

Criteria: Auditing standards require the auditor to determine whether the entities' internal control system allows for the reliable reporting of financial data, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

Condition: Currently, the internal control system of the County does not have the expertise to prepare completely its own financial statements including note disclosures under GAAP. The County's operational demands and ability to hire, train or retain such personnel have not permitted them to maintain this system control. This has been an industry-wide condition in the state of Wyoming, as also possible in other smaller states and organizations.

Follow-up: Management continues to evaluate and manage within feasible parameters due to the budget limitations of the organization, as listed above in the "Corrective Action Plan" related to 2015-002 in the current year. This is a repeat deficiency due to the size of the organization and the available funding.