

LINCOLN COUNTY
FINANCIAL STATEMENTS

June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Lincoln County
Kemmerer, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Wyoming (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying schedules of Drug Court financial position and Drug Court activities and functional expenses are presented for additional analysis as required by the State of Wyoming Department of Health and are also not a required part of basic financial statements.

The supplementary information and the schedules described above 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 our opinion, the supplementary information and the schedules described above are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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.



JONES SIMKINS LLC

Logan, Utah

December 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The Board of County Commissioners of Lincoln County, Wyoming (the County) offers this narrative discussion, overview, and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the financial statements which follow this section.

Unless otherwise noted, the information and financial data included in this discussion and analysis relate to the primary government and do not include its discretely presented component units. The primary government can be generally described as providing the core services expected of local government, such as public health and safety and maintenance of infrastructure; component units are separate legal entities that provide ancillary services (examples of which are the county library, weed and pest control district, and fair board.)

Financial Highlights

In 2015, the County adopted Governmental Accounting Standards Board Statement Nos. 68 and 71. The implementation of these standards resulted in a restatement of beginning net position, reducing it by \$2,667,517 from \$54,318,413 to \$51,650,896. After the effects of this restatement, the total net position of Lincoln County for the year increased by \$2,747,127, resulting in total net position of \$54,398,023. Three focal points of the County's finances are: cash and investments (including cash and cash equivalents, pooled cash and cash equivalents, and investments), capital assets (including land, roads, buildings, equipment, construction in process, and accumulated depreciation) and long-term liabilities (including notes payable, landfill closure liability, compensated absences, and capital leases).

The change in net position resulted from changes in all three categories. 1. Cash and investments increased by \$2,466,648 or 18% over the prior year. Cash and investments now represent 19% of total assets. 2. Net capital assets increased by \$200,319 or less than 1% over the prior year. Net capital assets now represent 69% of total assets. 3. Long-term liabilities, including the net pension liability, which account for 93% of total liabilities, increased by \$1,232,547 or 6%. This increase was primarily a result of changes in the County's proportion of the net pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. These 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. A comparative presentation of government-wide information is also included in this discussion and analysis. The purpose of this narrative is to simplify and clarify the following financial statements.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-Wide Financial Statements

The government-wide financial statements provide a view of the County's finances as a whole, similar to a private-sector business. The statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the County's assets and liabilities and the resulting difference between the assets and liabilities as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, to evaluate the County's overall financial condition, the reader needs to consider other important factors, such as the economic outlook, stability of and control over revenue sources, and the condition of and plan to maintain capital assets.

The Statement of Activities presents information showing how the net position of the County changed during this 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, the financial statements are presented using the accrual method of accounting and 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 and delinquent property taxes and employees' earned, but unused, paid leave).

The distinct type of activities reflected in the primary government financial statements is governmental activities. The County does not have any business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenue and are not designed to charge fees sufficient to recover all costs of operations. As reported by the County, governmental activities include such functions as general government, public safety, public works, and health and welfare.

The government-wide financial statements include not only the County itself (known as the primary government), but discretely presented component units which include: the Lincoln County Weed and Pest Control District, the Lincoln County Fair Board, and the Lincoln County Library. Financial information for these component units are reported separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a group of accounts that the County uses to keep track of specific resources that are segregated for a specific purpose. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County maintains a general fund, four special revenue funds, and a debt service fund.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Governmental funds include essentially the same functions and services as delineated under governmental activities shown in the government-wide statements. However, for accounting and reporting purposes, governmental fund amounts are determined with a different approach. At the fund level, the focus is on changes in near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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. 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 General Fund is the primary operating fund of the County and is one of two governmental funds designated as "major" because of the magnitude of the assets, liabilities, revenues, and expenditures recorded in these funds. The Grants Fund is the other major fund of the County. There are four other governmental funds that are reported. A summary of these funds is combined into one "non-major fund" column. The non-major funds include the Contracts Fund, the Enhanced 911 Fund, the State Roads Fund, and the Debt Service Fund. The composition of the non-major funds is shown in the combining statements. The County is required to adopt an annual budget showing appropriations for each of the governmental funds. To demonstrate legal compliance, statements comparing budget to actual numbers for the General Fund and the Grants Fund are included in the required supplementary information. Budget to actual schedules for all other governmental funds are included in the supplementary information.

The County also maintains four fiduciary funds. Fiduciary 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 statements because the resources of those funds are not available to support the County's programs.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is necessary to more fully understand the financial statements. Many of the notes contain a more complete definition of accounting terms and description of the County's accounting policies. The notes also provide additional detail on deposits and investments, changes to capital assets, funded liabilities, long-term debt obligations, retirement plans and compliance-related issues.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position and condition. As of June 30, 2015, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$54,398,023. The largest portion of the County's assets (69%) reflects its investment in capital assets, (land, rights of way, buildings, infrastructure, equipment, construction in progress, and accumulated depreciation). The County uses these capital assets to provide services to its citizens; consequently these assets are not available for future spending. Current assets represent 31% of assets and for the most part these funds are available for future spending. The asset and deferred outflows of resources to liability and deferred inflows of resources ratio is 3:1, meaning, for every dollar of liabilities and deferred inflows of resources the County holds three dollars in assets and deferred outflows of resources.

Statement of Net Position: As taken from the Statement of Net Position in the basic financial statements, the following table depicts the net position including all assets and liabilities that create net position for fiscal years 2015 and 2014, respectively, as well as the changes between the two years. The percentage to total assets, liabilities and deferred inflows of resources, and net position illustrates the percent change of each account to their respective totals for each year. This will assist in evaluating the importance of that account to the total and how that translates to its effect on net position.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

	2015	2014	Net Change	Percentage of Total		% Change Between Years
	Governmental Activities	Governmental Activities		2015	2014	
Assets:						
Current and Other Assets	\$ 26,460,405	23,274,052	3,186,353	31.10%	28.48%	13.69%
Capital Assets	58,632,918	58,432,599	200,319	68.90%	71.52%	0.34%
Total Assets	85,093,323	81,706,651	3,386,672			
Deferred Outflows of Resources:						
Pensions	978,838	386,741	592,097	100.00%	100.00%	153.10%
Total Deferred Outflows of Resources	978,838	386,741	592,097			
Liabilities:						
Other Liabilities	1,796,839	1,774,827	22,012	7.50%	7.82%	1.24%
Long-term Liabilities	22,161,193	20,928,646	1,232,547	92.50%	92.18%	5.89%
Total Liabilities	23,958,032	22,703,473	1,254,559			
Deferred Inflows of Resources:						
Property Taxes	7,716,106	7,739,023	(22,917)	100.00%	100.00%	-0.30%
Total Deferred Inflows of Resources	7,716,106	7,739,023	(22,917)			
Net Position:						
Net investment in capital assets	48,267,918	48,024,211	243,707	88.73%	92.98%	0.51%
Restricted	1,615,294	1,769,581	(154,287)	2.97%	3.43%	-8.72%
Unrestricted	4,514,811	1,857,104	2,657,707	8.30%	3.60%	143.11%
Total Net Position, as restated \$	54,398,023	51,650,896	2,747,127			
Assets and Deferred Outflows of Resources to Liabilities and Deferred Inflows of Resources	2.7	2.7				

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Changes in Net Position: As taken from the Statement of Activities in the basic financial statements, the following table depicts the changes in net position for fiscal years 2015 and 2014, the changes between fiscal years 2015 and 2014, and the percentages of revenue to total revenues and expenses to total expenses.

Lincoln County
Summary of Changes in Net Position

	<u>2015</u>	<u>% of Total Revenues</u>	<u>2014</u>	<u>% of Total Revenues</u>	<u>\$ Change Between Years</u>	<u>% Change Between Years</u>
Revenues:						
Program revenues						
Charges for services	\$ 2,543,952	10.99%	1,624,710	7.14%	919,242	56.58%
Operating grants	2,933,737	12.68%	1,922,010	8.44%	1,011,727	52.64%
Capital grants	1,466,876	6.34%	3,223,382	14.16%	(1,756,506)	-54.49%
General Revenues:						
Property taxes	9,570,388	41.36%	9,556,161	41.98%	14,227	0.15%
Sales and use tax	4,386,252	18.96%	4,128,804	18.14%	257,448	6.24%
Other taxes	1,907,078	8.24%	1,885,601	8.28%	21,477	1.14%
Interest and investment income (loss)	171,999	0.74%	142,465	0.63%	29,534	20.73%
Gain on disposal of assets	47,471	0.21%	36,193	0.16%	11,278	31.16%
Miscellaneous	112,351	0.49%	243,349	1.07%	(130,998)	-53.83%
Total Revenues	<u>23,140,104</u>		<u>22,762,675</u>		<u>377,429</u>	1.66%
		<u>% of Total Expenses</u>		<u>% of Total Expenses</u>		
Expenses:						
General Government	7,801,531	38.26%	6,949,347	37.39%	852,184	12.26%
Public Safety	4,493,337	22.03%	4,389,263	23.62%	104,074	2.37%
Public Works	4,506,530	22.10%	4,001,828	21.53%	504,702	12.61%
Health & Welfare	3,225,206	15.82%	2,869,286	15.44%	355,920	12.40%
Interest & fiscal charges	366,373	1.80%	375,152	2.02%	(8,779)	0.00%
Total expenses	<u>20,392,977</u>		<u>18,584,876</u>		<u>1,808,101</u>	9.73%
Change in net position	<u>2,747,127</u>		<u>4,177,799</u>			
Net position-beginning, as restated	<u>51,650,896</u>		<u>47,473,097</u>			
Net position-ending, as restated	<u>\$ 54,398,023</u>		<u>51,650,896</u>			

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

For fiscal year 2015, the County experienced an increase in net position of \$2,747,127 compared to an increase of \$4,177,799 in fiscal year 2014. This decrease is due primarily to fewer capital grants as a result of the majority of large capital projects being completed in 2014.

On the revenue side, property tax revenues were stable in the current year with less than a 1% or \$14,227 increase from 2014. Sales and use tax revenues were also somewhat stable with an increase of 6% or \$257,448, and other taxes remained stable with a slight increase of 1% or \$21,477 from 2014.

Taxes comprise the largest source of revenue for the County. Property and motor vehicle taxes represent 42% of total revenues, followed by sales and use taxes which constitute 18% of total revenues. Operating grants, charges for services, and other taxes represent 8%, 7%, and 8% of total revenues, respectively, while capital grants represent 14% of total revenues.

On the expense side, the cost of General Government programs increased by 12% or \$852,184 from 2014 and continued to be 37% of total expenses. Health and welfare was the least costly program at 15% of total expenses.

Financial Analysis of the County's Funds

The County uses fund accounting to demonstrate compliance with standard accounting procedures and Wyoming State Statutes.

Governmental Funds: The focus of the County's governmental funds is to provide information on near term inflows, outflows, and the balance of resources available for appropriation. Such information is a useful measure of the County's net resources available for spending at the end of the year.

As of June 30, 2015, the fund balance of the County's governmental funds was \$17,412,774, which increased \$3,044,454 compared to the prior year. Of the \$17,412,774 in fund balance, \$12,582,201 is unassigned and is available for appropriation by the County. The remainder of the fund balance is comprised of \$248,476 which is in nonspendable form, \$1,615,294 which is restricted by enabling legislation and/or for specific road projects, state and federal contracts, and state and federal grant programs, \$2,064,786 which is committed for future debt service, and \$902,017 which is assigned for special projects and purposes.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

General Fund Budgetary Highlights

A comparison of final budget amounts to actual revenues and expenses is another measure of the County's ability to manage the sources and application of funds.

Year Ending June 30, 2015 - Final Budget to Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>% of Change Budget to Actual</u>
<u>Revenues:</u>				
Taxes	\$ 14,570,815	15,863,718	1,292,903	8.87%
Intergovernmental	243,500	721,459	477,959	196.29%
Charges for services	1,106,800	2,376,142	1,269,342	114.69%
Licenses and permits	8,500	12,912	4,412	51.91%
Interest and investment income	100,000	171,561	71,561	71.56%
Miscellaneous	115,000	112,351	(2,649)	-2.30%
Total revenues	<u>16,144,615</u>	<u>19,258,143</u>	<u>3,113,528</u>	<u>19.29%</u>
<u>Expenditures:</u>				
General government	8,276,842	7,115,291	1,161,551	14.03%
Public safety	3,396,093	3,257,704	138,389	4.07%
Public works	2,821,117	2,870,052	(48,935)	-1.73%
Health and welfare	2,469,659	2,223,531	246,128	9.97%
Total expenditures	<u>\$ 16,963,711</u>	<u>15,466,578</u>	<u>1,497,133</u>	<u>8.83%</u>

The original revenues budget was \$16,144,615 with no modifications made during the year. Actual revenues compared to the final budget had a favorable variance of \$3,113,528. This variance resulted mainly from the County receiving approximately \$1.2 million in additional severance tax and payments in lieu of tax distributions in the current year and an additional \$817,000 in financing fees related to the issuance of conduit debt.

Original budgeted expenditures were \$17,472,889 with amendments totaling \$509,178 made during the year. Actual expenditures amounted to \$15,466,578, resulting in a favorable variance of \$1,497,133 or 9%. At the department level, general government expenditures were \$7,115,291 or 14% less than the budgeted expenditures. Public Safety expenditures were \$3,257,704 or 4% less than budgeted expenditures. Public Works expenditures were \$2,870,052 or 2% more than budgeted expenditures. Health and Welfare expenditures were \$2,223,531 or 10% less than budgeted expenditures.

LINCOLN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Capital Asset and Long-Term Debt Administration

Capital Assets: The County's investment in capital assets for its governmental activities, net of accumulated depreciation, came to a total of \$58,632,918 as of June 30, 2015. This investment in capital assets includes land, rights of way, infrastructure, buildings, vehicles, equipment, and construction in process. Major capital additions this year include, vehicles, building construction and improvements, heavy equipment, and other tools and equipment.

Long-Term Liabilities: Total long-term liabilities, including net pension liability, as of June 30, 2015 were \$22,161,193 of which \$669,000 is due within one year and \$21,492,193 is due in more than one year. There is no general obligation indebtedness as of June 30, 2015. No major activity occurred during the year related to long-term liabilities.

Economic and Other factors

One of the ways to measure the economic strength of the County is to look at the assessed market valuation of property in the County. Similar to most areas in the Country, the assessed market valuation used in property tax levies for fiscal year 2015 increased by 1% or approximately \$8 million from the prior year, which resulted in an increase of approximately \$14,000 in property tax revenue. The County continues to expect modest increases in property values and continued improvements in the economy resulting in expected increases of both property and sales and use tax revenues.

Contacting the County

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's financial condition and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Board of County Commissioners at Lincoln County Wyoming, 925 Kemmerer, Wyoming 83101.

The preceding discussion and analysis focuses on the County's primary government operations. The County's component units do not issue separate audited financial statements. Additional information regarding component unit finances may be obtained from their respective administrative offices.

Basic Financial Statements

LINCOLN COUNTY
STATEMENT OF NET POSITION
June 30, 2015

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Total</u>	
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 5,339,594	5,339,594	-
Cash and cash equivalents	1,843,899	1,843,899	1,821,623
Investments	9,207,633	9,207,633	-
Beneficial interest	-	-	960,469
Accounts receivable	128,978	128,978	58,090
Taxes receivable	7,752,497	7,752,497	2,672,701
Due from other governments	1,878,628	1,878,628	-
Prepaid expenses	46,476	46,476	28,323
Inventory	202,000	202,000	203,963
Amounts held by trustee	60,700	60,700	-
Capital assets	97,397,929	97,397,929	2,379,147
Accumulated depreciation	(38,765,011)	(38,765,011)	(975,352)
Total assets	<u>85,093,323</u>	<u>85,093,323</u>	<u>7,148,964</u>
<u>Deferred outflows of resources</u>			
Pensions	978,838	978,838	159,982
Total deferred outflows of resources	<u>978,838</u>	<u>978,838</u>	<u>159,982</u>
<u>Liabilities</u>			
Accounts payable	891,465	891,465	42,724
Accrued liabilities	497,007	497,007	-
Unearned revenue	249,047	249,047	-
Funds held in trust	159,320	159,320	-
Long-term liabilities:			
Due within one year	669,000	669,000	99,802
Due in more than one year	17,313,000	17,313,000	-
Net pension liability	4,179,193	4,179,193	1,105,465
Total liabilities	<u>23,958,032</u>	<u>23,958,032</u>	<u>1,247,991</u>
<u>Deferred inflows of resources</u>			
Property taxes	7,716,106	7,716,106	2,649,000
Total deferred inflows of resources	<u>7,716,106</u>	<u>7,716,106</u>	<u>2,649,000</u>
<u>Net position</u>			
Net investment in capital assets	48,267,918	48,267,918	1,403,795
Restricted – expendable	1,615,294	1,615,294	-
Restricted – nonexpendable	-	-	960,469
Unrestricted	4,514,811	4,514,811	1,047,691
Total net position	<u>\$ 54,398,023</u>	<u>54,398,023</u>	<u>3,411,955</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	
Primary government:							
Governmental:							
General	\$ 7,801,531	1,271,848	235,144	-	(6,294,539)	(6,294,539)	-
Public safety	4,493,337	541,212	1,121,724	94,883	(2,735,518)	(2,735,518)	-
Public works	4,506,530	-	1,095,567	1,371,993	(2,038,970)	(2,038,970)	-
Health and welfare	3,225,206	730,892	481,302	-	(2,013,012)	(2,013,012)	-
Interest and fiscal charges	366,373	-	-	-	(366,373)	(366,373)	-
Total governmental activities	<u>20,392,977</u>	<u>2,543,952</u>	<u>2,933,737</u>	<u>1,466,876</u>	<u>(13,448,412)</u>	<u>(13,448,412)</u>	<u>-</u>
Total primary government	<u>\$ 20,392,977</u>	<u>2,543,952</u>	<u>2,933,737</u>	<u>1,466,876</u>	<u>(13,448,412)</u>	<u>(13,448,412)</u>	<u>-</u>
Component units:							
Weed and pest control	\$ 1,371,051	411,917	-	-	-	-	(959,134)
County fair	610,318	138,800	2,193	-	-	-	(469,325)
County library	1,589,546	13,684	63,660	-	-	-	(1,512,202)
Total component units	<u>\$ 3,570,915</u>	<u>564,401</u>	<u>65,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,940,661)</u>
General revenues:							
Taxes:							
Property taxes					\$ 9,570,388	9,570,388	2,831,094
Sales and use taxes					4,386,252	4,386,252	-
Other taxes and shared revenues					1,907,078	1,907,078	-
Total taxes					<u>15,863,718</u>	<u>15,863,718</u>	<u>2,831,094</u>
Interest and investment income					171,999	171,999	(3,856)
Gain on disposal of assets					47,471	47,471	9,050
Miscellaneous					112,351	112,351	3,182
Total general revenues					<u>16,195,539</u>	<u>16,195,539</u>	<u>2,839,470</u>
Change in net position					2,747,127	2,747,127	(101,191)
Net position - beginning, as restated					51,650,896	51,650,896	3,513,146
Net position - ending					<u>\$ 54,398,023</u>	<u>54,398,023</u>	<u>3,411,955</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Grants Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Pooled cash and cash equivalents	\$ 2,135,826	817,748	2,386,020	5,339,594
Cash and cash equivalents	603,152	-	1,240,747	1,843,899
Investments	9,207,633	-	-	9,207,633
Accounts receivable	104,131	-	24,847	128,978
Taxes receivable	7,752,497	-	-	7,752,497
Due from other governments	1,070,264	716,124	92,240	1,878,628
Prepaid expenses	-	-	46,476	46,476
Inventory	202,000	-	-	202,000
Amounts held by trustee	60,700	-	-	60,700
	<u>21,136,203</u>	<u>1,533,872</u>	<u>3,790,330</u>	<u>26,460,405</u>
Total assets	\$ <u>21,136,203</u>	<u>1,533,872</u>	<u>3,790,330</u>	<u>26,460,405</u>
<u>Liabilities</u>				
Accounts payable	\$ 353,209	531,264	6,992	891,465
Accrued liabilities	31,693	-	-	31,693
Unearned revenue	-	168,700	80,347	249,047
Funds held in trust	159,320	-	-	159,320
	<u>544,222</u>	<u>699,964</u>	<u>87,339</u>	<u>1,331,525</u>
Total liabilities	<u>544,222</u>	<u>699,964</u>	<u>87,339</u>	<u>1,331,525</u>
<u>Deferred inflows of resources</u>				
Property taxes	7,716,106	-	-	7,716,106
	<u>7,716,106</u>	<u>-</u>	<u>-</u>	<u>7,716,106</u>
Total deferred inflows of resources	<u>7,716,106</u>	<u>-</u>	<u>-</u>	<u>7,716,106</u>
<u>Fund balances</u>				
Nonspendable	202,000	-	46,476	248,476
Restricted	91,674	-	1,523,620	1,615,294
Committed	-	-	2,064,786	2,064,786
Assigned	-	833,908	68,109	902,017
Unassigned	12,582,201	-	-	12,582,201
	<u>12,875,875</u>	<u>833,908</u>	<u>3,702,991</u>	<u>17,412,774</u>
Total fund balances	<u>12,875,875</u>	<u>833,908</u>	<u>3,702,991</u>	<u>17,412,774</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>21,136,203</u>	<u>1,533,872</u>	<u>3,790,330</u>	<u>26,460,405</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances for governmental funds \$ 17,412,774

Amounts reported for governmental activities in the Statement of Net Position are different because:

The net pension liability and deferred outflows related to pensions are not reported in the funds.

Deferred outflows of resources - pensions	\$ 978,838	
Net pension liability	<u>(4,179,193)</u>	(3,200,355)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Buildings and improvements	\$ 47,964,162	
Infrastructure	23,690,131	
Equipment and vehicles	17,163,556	
Land	2,627,359	
Construction in process	4,896,121	
Rights of way	1,056,600	
Accumulated depreciation	<u>(38,765,011)</u>	58,632,918

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	\$ (10,365,000)	
Landfill closure and post-closure liability	(7,091,000)	
Accrued interest	(465,314)	
Compensated absences	<u>(526,000)</u>	<u>(18,447,314)</u>

Net position of governmental activities \$ 54,398,023

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General</u>	<u>Grants</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 15,863,718	-	-	15,863,718
Intergovernmental	721,459	1,640,396	755,010	3,116,865
Charges for services	2,376,142	-	154,898	2,531,040
Licenses and permits	12,912	-	-	12,912
Interest and investment income	171,561	-	438	171,999
Miscellaneous	112,351	-	-	112,351
Total revenues	<u>19,258,143</u>	<u>1,640,396</u>	<u>910,346</u>	<u>21,808,885</u>
Expenditures:				
General government	7,115,291	-	-	7,115,291
Public safety	3,257,704	155,178	267,045	3,679,927
Public works	2,870,052	1,203,793	666,659	4,740,504
Health and welfare	2,223,531	474,483	21,518	2,719,532
Debt service:				
Interest	-	-	509,177	509,177
Total expenditures	<u>15,466,578</u>	<u>1,833,454</u>	<u>1,464,399</u>	<u>18,764,431</u>
Excess (deficiency) of revenues over expenditures	<u>3,791,565</u>	<u>(193,058)</u>	<u>(554,053)</u>	<u>3,044,454</u>
Other financing sources (uses):				
Transfers in	422	724,913	2,573,963	3,299,298
Transfers out	(3,207,044)	(422)	(91,832)	(3,299,298)
Total other financing sources (uses)	<u>(3,206,622)</u>	<u>724,491</u>	<u>2,482,131</u>	<u>-</u>
Net change in fund balance	584,943	531,433	1,928,078	3,044,454
Fund balance – beginning	<u>12,290,932</u>	<u>302,475</u>	<u>1,774,913</u>	<u>14,368,320</u>
Fund balance – ending	<u>\$ 12,875,875</u>	<u>833,908</u>	<u>3,702,991</u>	<u>17,412,774</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balance – total governmental funds \$ 3,044,454

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,726,995) were exceeded by depreciation (\$2,857,895). (1,130,900)

Governmental funds do not report the contribution of capital assets from third parties. However, in the Statement of Activities, these third party contributions are recorded as capital grants and contributions. 1,283,748

The net effect of various miscellaneous transactions involving capital assets (i.e., sales of capital assets) is to increase net position. 47,471

The net effect of transactions involving the net pension liability and deferred outflows of resources related to pensions results in an increase in pension expense (\$532,838) and decreases net position. (532,838)

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in governmental funds, but reduce liabilities in the Statement of Net Position. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. Also, in the Statement of Activities, compensated absences and landfill closure and post-closure liabilities are recognized when incurred.

Change in landfill closure and post-closure liability	\$	(53,000)	
Payment of principal on long-term liabilities		43,388	
Change in compensated absences		(98,000)	
Change in accrued interest on long-term liabilities		142,804	
			35,192

Change in net position of governmental activities \$ 2,747,127

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Employee Benefit Trust	Agency Funds	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 99,424	4,588,671	4,688,095
Investments	393,297	-	393,297
Accounts receivable	10,949	-	10,949
	<u>503,670</u>	<u>4,588,671</u>	<u>5,092,341</u>
<u>Liabilities</u>			
Claims payable	\$ 169,018	-	169,018
Due to other taxing units	-	4,561,671	4,561,671
Refunds payable	-	27,000	27,000
	<u>169,018</u>	<u>4,588,671</u>	<u>4,757,689</u>
<u>Net position</u>			
Unrestricted	<u>334,652</u>	<u>-</u>	<u>334,652</u>
Total net position	<u>334,652</u>	<u>-</u>	<u>334,652</u>
Total liabilities and net position	<u>\$ 503,670</u>	<u>4,588,671</u>	<u>5,092,341</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2015

	<u>Employee Benefit Trust</u>
Additions:	
Contributions:	
County	\$ 1,522,308
Component units	166,550
Members	<u>20,974</u>
Total contributions	1,709,832
Investment income:	
Unrealized gain on investment	14,924
Interest	13,155
Other additions:	
Insurance reimbursements	<u>14,258</u>
Total additions	<u>1,752,169</u>
Deductions:	
Claim benefit expense	1,698,844
Trust operating expense	<u>305,855</u>
Total deductions	<u>2,004,699</u>
Change in net position	(252,530)
Net position – beginning	<u>587,182</u>
Net position – ending	<u><u>\$ 334,652</u></u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2015

	<u>Weed and Pest Control</u>	<u>County Fair</u>	<u>County Library</u>	<u>Total</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 437,275	721,397	662,951	1,821,623
Beneficial interest	-	-	960,469	960,469
Accounts receivable	56,209	-	1,881	58,090
Taxes receivable	823,753	507,527	1,341,421	2,672,701
Prepaid expenses	982	26,065	1,276	28,323
Inventory	203,963	-	-	203,963
Capital Assets	1,263,885	880,596	234,666	2,379,147
Accumulated depreciation	<u>(468,091)</u>	<u>(363,861)</u>	<u>(143,400)</u>	<u>(975,352)</u>
 Total assets	 \$ <u>2,317,976</u>	 <u>1,771,724</u>	 <u>3,059,264</u>	 <u>7,148,964</u>
<u>Deferred outflows of resources</u>				
Pensions	<u>44,028</u>	<u>15,062</u>	<u>100,892</u>	<u>159,982</u>
 Total deferred outflows of resources	 <u>44,028</u>	 <u>15,062</u>	 <u>100,892</u>	 <u>159,982</u>
<u>Liabilities</u>				
Accounts payable	\$ 5,208	4,799	32,717	42,724
Compensated absences	53,797	12,005	34,000	99,802
Net pension liability	<u>325,482</u>	<u>95,506</u>	<u>684,477</u>	<u>1,105,465</u>
 Total liabilities	 <u>384,487</u>	 <u>112,310</u>	 <u>751,194</u>	 <u>1,247,991</u>
<u>Deferred inflows of resources</u>				
Property taxes	<u>817,000</u>	<u>500,000</u>	<u>1,332,000</u>	<u>2,649,000</u>
 Total deferred inflows of resources	 <u>817,000</u>	 <u>500,000</u>	 <u>1,332,000</u>	 <u>2,649,000</u>
<u>Net position</u>				
Net investment in capital assets	795,794	516,735	91,266	1,403,795
Restricted – nonexpendable	-	-	960,469	960,469
Unrestricted	<u>364,723</u>	<u>657,741</u>	<u>25,227</u>	<u>1,047,691</u>
 Total net position	 \$ <u><u>1,160,517</u></u>	 <u><u>1,174,476</u></u>	 <u><u>1,076,962</u></u>	 <u><u>3,411,955</u></u>

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended June 30, 2015

	<u>Weed and Pest Control</u>	<u>County Fair</u>	<u>County Library</u>	<u>Total</u>
Expenses	\$ 1,371,051	610,318	1,589,546	3,570,915
Program revenues:				
Charges for services	411,917	138,800	13,684	564,401
Operating grants and contributions	-	2,193	63,660	65,853
Total program revenues	411,917	140,993	77,344	630,254
Net expenses	(959,134)	(469,325)	(1,512,202)	(2,940,661)
General revenues:				
Taxes	858,532	539,637	1,432,925	2,831,094
Interest and investment income	889	164	(4,909)	(3,856)
Gain on disposal of assets	9,050	-	-	9,050
Miscellaneous	-	-	3,182	3,182
Total general revenues	868,471	539,801	1,431,198	2,839,470
Change in net position	(90,663)	70,476	(81,004)	(101,191)
Net position – beginning, as restated	1,251,180	1,104,000	1,157,966	3,513,146
Net position – ending	\$ 1,160,517	1,174,476	1,076,962	3,411,955

The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The financial statements of Lincoln County, Wyoming (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

The County operates as an incorporated governmental entity within the State of Wyoming. The County is a municipal corporation governed by three elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge operation and maintenance, health and social services, culture and 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.

Blended component units, although legally separate entities, are in substance part of the County's operations and data from those units is combined with data of the primary government. The County has no blended component units. Discretely presented component units, conversely, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. All discretely presented component units have a June 30 fiscal year-end.

Discretely Presented Component Units

The Weed and Pest Control District was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and tax levy. The District is presented as a governmental fund type. The District does not issue separate financial statements.

The County Fair Board maintains and manages the operations of the County Fair and the County fairgrounds 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 approves the Fair Board's budget, levies taxes on behalf of the Fair Board, and must approve any debt issuance. The Fair Board's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Fair Board is presented as a governmental fund type. The Fair Board does not issue separate financial statements.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units (continued)

The County Library Board maintains and manages the operations of the County Library system. The Library Board is fiscally dependent upon the County because the Board of Commissioners approves the Library Board's budget, levies taxes on behalf of the Library Board and must approve any debt issuance. The Library Board's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Library is presented as a governmental fund type. Included in the Library Board is the County Library Foundation (the Foundation), which is a separate legal nonprofit entity. The Foundation's purpose is to raise money for the Library Board. The Foundation was determined to be a component unit of the Library Board in accordance with GASB statement 39. The Library Board does not issue separate financial statements.

Joint Ventures

The Lincoln County Airport Joint Powers Board is a joint venture between the municipalities of Kemmerer, Cokeville, and Afton, Wyoming and the Board of County Commissioners of Lincoln County, Wyoming. Board members are appointed by the County Commissioners of Lincoln County and the Mayor and City Council of each municipality involved. Although neither the municipalities nor the County has any obligation to fund the Joint Powers Board they may fund any sum of money as determined in their individual budget processes. Audited financial statements can be obtained from the City of Kemmerer, the City of Cokeville, the Town of Afton, and from the Airport Joint Powers Board.

The Upper Green River Basin Water Joint Powers Board has representatives from Sublette County, Lincoln County, and Sweetwater County. The counties formed an agreement to establish and operate water storage facilities along the Green River and within the Upper Green River Basin. Each county appoints two members to this board. The counties have an equity interest in all assets purchased to provide services. None of the participants have any obligation to fund this board, however they may fund any sum of money as determined in their individual budget processes.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County currently has no services that are classified as business-type activities. Therefore, all of the County's services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (general, public safety, etc.). The functions are also supported by general revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

Basic Financial Statements – Fund Statements

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

A separate financial statement is provided for governmental funds. For governmental funds, the emphasis is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on net income.

The following is a description of the governmental funds of the County:

- The **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.
- The **Debt Service Fund** is used to hold resources for future debt payments and account for debt service payments.

The County's major governmental funds consist of the General Fund (see description above) and the Grants Fund, which is a special revenue fund established to receive grants or other restricted revenues and record the related expenditures in an effort to document compliance with grant requirements. The County's nonmajor governmental funds consist of special revenue funds that collect fees and taxes for public safety (Enhanced 911 Fund), public road construction maintenance and repair (State Roads Fund), revenues related to intergovernmental contracts (Contracts Fund), and monies set aside for service of County debt (Debt Service Fund).

Fiduciary Funds

The County's fiduciary funds are not included in the government-wide financial statements and consist of a trust fund (for employee benefits) and agency funds. Agency funds account for assets held by the County in a purely custodial capacity. The County has three agency funds. Because agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds (continued)

The fiduciary funds consist of the following:

- **Employee Benefit Trust Fund** – This fund is used to account for the operations of the County’s self-funded health insurance program. All funds are held in trust to pay benefits according to the health insurance benefit plan.
- **Treasurer’s Tax Agency Fund** – This fund is used to hold and distribute taxes and fees collected on behalf of other governmental units.
- **School Bond and Interest Agency Fund** – This fund collects specific purpose property taxes for school districts within Lincoln County and distributes the taxes to the bond trustee.
- **Hospital Bond and Interest Agency Fund** – This fund collects specific-purpose property taxes for the hospitals within Lincoln County and distributes the taxes to the bond trustee.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements. The following provides a summary of the measurement focus and basis of accounting used by the County:

Economic Resources Measurement Focus and Accrual Basis of Accounting

The governmental activities in the government-wide financial statements and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

The governmental funds' financial statements are reporting 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days (the availability period) of the end of the current fiscal period. An exception to this policy is expenditure-drive grant revenues, which generally are considered to be available if the eligible expenditures have been made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due.

Financial Statement Amounts

Cash and Cash Equivalents

For the purposes of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposits, savings accounts, certificates of deposit, or other short-term, highly liquid investments.

Pooled Cash and Cash Equivalents

Wherever possible, the County's cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund's equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

Investments

Investments are reported at fair value (generally based on quoted market prices). Wyoming statute allows the County to invest in U.S. and state and local government securities and accounts of any bank and savings associations, which are federally insured. Stocks and bonds of private corporations as well as reverse repurchase agreements are prohibited investments for the County. All investments made during the year were made within these statutory limits.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables and Due from Other Governments

Receivables consist of all revenues earned at year-end but received after year-end. All receivable balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends. Receivable balances include sales taxes, property taxes, other taxes, and reimbursements for grant expenditures due from the State of Wyoming or the United States government.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenditures/expenses when consumed rather than purchased.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market and consists of crushed rock and road base materials. In the governmental fund financial statements, expenditures are recorded as inventory is used (consumption method).

Capital Assets

Capital assets are reported in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 2 years. All capital assets are valued at cost or estimated cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated lives:

Buildings, improvements, and infrastructure	15 to 80 years
Equipment and vehicles	3 to 20 years

In the governmental funds' financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Unearned Revenues

In the government-wide statements and the governmental fund statements, unearned revenue is recognized when cash or other assets are received or recognized prior to being earned.

Long-Term Liabilities

In the government-wide financial statements long-term debt and obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and similar items, when material, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are recorded as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave accumulates for all full-time permanent employees dependent upon years of service. Accumulated vacation leave is payable to the employee upon termination of employment. Twenty-five percent of accumulated sick leave is payable to the employee upon voluntary termination of employment and fifty percent of accumulated sick leave is payable to the employee upon retirement. An estimated liability for vacation and sick leave is reported in the government-wide financial statements and the expense is allocated by function based on where the employee is assigned.

In the fund financial statements, governmental funds do not report a liability for compensated absences. The expenditure is reported when vacation or sick time is taken. Compensated absences are generally liquidated by the General Fund.

Interfund Balances and Transactions

Interfund payables and receivables have been eliminated from the government-wide Statement of Net Position. Interfund payables and receivables between the governmental funds and the Treasurer's Tax Agency Fund have been reclassified in the government-wide Statement of Net Position in accordance with the requirements of GASB Statement No. 34.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Interfund Balances and Transactions (continued)

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds have been eliminated. In the fund financial statements, transfers are reported as other financing sources or uses.

Equity Classifications

Equity in the government-wide financial statements is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- Restricted net position – Consists of net position with constraints placed on their use, whether by 1) external groups such as creditors, grantors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified inventory assets as nonspendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications (continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners. These amounts cannot be used for any purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Commissioners. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

Revenues

Property taxes, sales taxes, fees, licenses, payments-in-lieu of taxes, intergovernmental revenues, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash. Motor vehicle fees received by the County Treasurer, acting as an agent, between January and June are not allocated to the funds or component units because State law prohibits the distribution of these funds until the new tax rates are adopted after year end, and are accounted for as revenues of the next fiscal year. Grants are usually reimbursable grants and are thus recognized as revenue at the time the reimbursable expenditures are made.

Expenses/Expenditures

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the County’s general policy to use restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Pension contributions made by the County prior to the County's fiscal year end, but subsequent to the measurement date of December 31, 2014, and the net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide statement of net position but not in the governmental funds balance sheet.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. Property taxes are reported as a deferred inflow of resources on the government-wide statement of net position and the governmental funds balance sheet due to the property taxes being recognized as receivables prior to the period for which the taxes are levied.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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 expenses during the reporting period. Actual amounts could differ from those estimates.

Property Tax Calendar and Rates

Property taxes attach as an enforceable lien on property as of January 1. Properties taxes are levied on or about August 1 and are payable in two installments on September 1 and March 1. The County bills and collects its own property taxes as well as property taxes for all municipalities and political subdivisions within the County. Collections and remittances of these taxes for other taxing entities are accounted for in the Treasurer's Tax Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables which means collected within the current period or expected to be collected within 60 days after the period end to be used to pay liabilities of the current period.

The County is permitted by Wyoming Statute to levy taxes up to 12 mills of assessed valuation for all purposes excluding general school tax, 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, 2015, was 12 mills.

Note 2 – Change in Accounting Principle

During 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which requires governmental entities to record their share of any unfunded liability associated with participation in a defined benefit plan. The initial effect of the change on the County's governmental activities was an increase in the net pension liability of \$3,054,258, an increase in deferred outflows of resources related to pensions of \$386,741, and a decrease in net position of \$2,667,517. The initial effect of the change on the County's Library Board, Fair Board, and Weed and Pest Control District component units was an increase in the net pension liability of \$449,774, \$77,824, and \$273,573, respectively, an increase in deferred outflows of resources related to pensions of \$31,961, \$5,342, and \$11,109, respectively, and a decrease in net position of \$417,813, \$72,482, and \$262,464, respectively.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 2 – Change in Accounting Principle (continued)

At June 30, 2015, governmental activities net pension liability is \$4,179,193, and the County's Library Board, Fair Board, and Weed and Pest Control District component units' net pension liability is \$684,477, \$95,506, and \$325,482, respectively. At June 30, 2015, governmental activities deferred outflows of resources related to pensions is \$978,838, and the County's Library Board, Fair Board, and Weed and Pest Control District component units' deferred outflows of resources related to pensions is \$100,892, \$15,062, and \$44,028, respectively. For the year ended June 30, 2015, the effect of the change is an increase in governmental activities expenses of \$532,838, and an increase in operating expenses of the County's Library Board, Fair Board, and Weed and Pest Control District component units of \$165,771, \$7,962, and \$18,990, respectively.

Note 3 – Deposits and Investments

Primary Government

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). Each year the County adopts a "Statement of Investment Policy" which specifies the County's policies regarding the investment of County financial assets. The County's adopted policy refers to State laws and indicates the County will comply with State law.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

The County's deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<i>Governmental funds</i>				
Pooled cash and cash equivalents	\$ 5,339,594	-	-	5,339,594
Cash and cash equivalents:				
WGIF	-	1,240,747	-	1,240,747
Demand deposits	481,611	-	-	481,611
WYO-STAR	-	120,255	-	120,255
Cash-on-hand	-	-	1,286	1,286
Total cash and cash equivalents	<u>481,611</u>	<u>1,361,002</u>	<u>1,286</u>	<u>1,843,899</u>
Investments:				
Government bonds	-	7,458,257	-	7,458,257
Taxable bonds	-	1,502,501	-	1,502,501
Certificates of deposit	<u>246,875</u>	<u>-</u>	<u>-</u>	<u>246,875</u>
Total investments	<u>246,875</u>	<u>8,960,758</u>	<u>-</u>	<u>9,207,633</u>
<i>Total governmental funds</i>	<u>\$ 6,068,080</u>	<u>10,321,760</u>	<u>1,286</u>	<u>16,391,126</u>
<i>Fiduciary funds</i>				
Cash and cash equivalents:				
Demand deposits	\$ 4,688,095	-	-	4,688,095
Investments:				
Government bonds	<u>-</u>	<u>393,297</u>	<u>-</u>	<u>393,297</u>
Total investments	<u>-</u>	<u>393,297</u>	<u>-</u>	<u>393,297</u>
<i>Total fiduciary funds</i>	<u>\$ 4,688,095</u>	<u>393,297</u>	<u>-</u>	<u>5,081,392</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

Deposits

State law specifies the types of financial institutions in which the County can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2015, \$7,070,480 of the County's bank balances of \$7,939,338 was uninsured, but all of the County's bank balances were collateralized with securities held by the pledging financial institutions. The pledged securities were not held in the County's name.

Investments

Wyoming statutes (W.S. 9-4-831) specifically identify the types of investments that may be held by the County and the conditions for making investment transactions. Accordingly, the County may invest in United States treasury bills, notes, bonds, or any other obligation issued by the United States treasury or guaranteed by the United States; bonds, notes, debentures or any other obligation or securities issued by or guaranteed by any federal government agency or instrumentality; repurchase agreements involving securities which are authorized investments that have been previously mentioned and subject to certain limitations, mortgage backed securities that are obligations of or guaranteed or insured issuances of the United States, its agencies, instrumentalities or organizations created by an act of Congress excluding those defined as high risk; bankers acceptances eligible for purchase by the federal reserve system; guaranteed investment contracts if issued by a United States commercial bank or insurance company whose credit rating is of the highest category; a commingled fund of eligible securities if the securities are held through a trust department of a bank authorized to do business in the State of Wyoming or through a trust company authorized to do business in the State of Wyoming with total capital of at least \$10,000,000; bonds of the Wyoming natural gas pipeline authority and the Wyoming infrastructure authority; commercial paper of corporations organized and existing under the laws of any state of the United States with a maturity of not more than 270 days and rated by Moody's as P-1 or by Standard and Poor's as A-1 or equivalent ratings indicating that the commercial paper issued by a corporation is of the highest quality rating; and a diversified money market fund in which the County does not own more than 10% of the net position of the funds and subject to several other limitations. The County may also enter into contracts which are determined to be necessary or appropriate to hedge risk or to place the obligation of the bonds, in whole or in part, on the interest rate, cash flow or other basis but the contracts may not be for investment purposes.

The County has investments in WYO-STAR, a government investment pool operated by the State of Wyoming Treasurer's Office. WYO-STAR is available for investments of funds administered by any local government entity within the State of Wyoming.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

WYO-STAR is not registered with the SEC as an investment company. WYO-STAR is authorized and regulated by the laws of the State of Wyoming. Deposits in WYO-STAR are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WYO-STAR operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WYO-STAR are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WYO-STAR investment pool is approximately equal to the value of the pool shares.

The County has investments with the Wyoming Government Investment Fund (WGIF), an investment pool authorized by the State of Wyoming and managed by a private investment management firm. WGIF is available for investments of funds administered by any local government entity within the State of Wyoming. WGIF offers cash management investments providing daily liquidity as well as fixed-rate, fixed-term investments.

WGIF is not registered with the SEC as an investment company. Deposits in WGIF are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WGIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WGIF are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WGIF investment pool is approximately equal to the value of the pool shares.

At year end, the County also had investments in Federal National Mortgage Association (FNMA) bonds and asset backed securities, Federal Home Loan Banks (FHLB) bonds, Federal Farm Credit Bank (FFCB) bonds, Federal Home Loan Mortgage Corporation (FHLMC) bonds and asset backed securities, and Government National Mortgage Association (GNMA) bonds and asset backed securities. The County uses the specific identification method to assess interest rate risk.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
FNMA bonds/securities	\$ 3,925,993	2,693,239	187,711	-	1,045,043
FHLB bonds	3,374,656	3,374,656	-	-	-
WGIF	1,240,747	1,240,747	-	-	-
FFCB Bonds	548,407	548,407	-	-	-
GNMA bonds/securities	328,145	-	-	-	328,145
FHLMC bonds/securities	1,176,854	654,615	-	330,202	192,037
WYO-STAR	120,255	120,255	-	-	-
	<u>\$ 10,715,057</u>	<u>8,631,919</u>	<u>187,711</u>	<u>330,202</u>	<u>1,565,225</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to invest no more than 75% of the portfolio of securities with maturities exceeding 1 year and no more than 25% of the portfolio of securities with maturities exceeding 5 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing exposure to credit risk is to invest no more than 50% of the County's total investment portfolio in a single security type, with the exception of U.S. Treasury securities. In addition, collateralization is required for all repurchase agreements. The collateralization level must be 102% of the market value of principal and accrued interest. Investments in WGIF and WYO-STAR are unrated. Other investments are guaranteed by the federal government.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing this risk is to comply with State laws.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s policy for custodial risk is that all securities purchased by the County shall be properly designated as assets of the County and held in safekeeping by a third party custodial bank or third party custodial 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. All security transactions, including collateral for repurchase agreements, entered into by the County shall be conducted on a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. Government bonds are held in the name of the County by the investment broker.

Component Units

The component units’ deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Cash and cash equivalents:				
Demand deposits	\$ 1,100,069	-	-	1,100,069
WGIF	-	624,072	-	624,072
Money market accounts	90,089	-	-	90,089
Certificates of deposit	6,782	-	-	6,782
Cash-on-hand	-	-	611	611
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents \$	<u>1,196,940</u>	<u>624,072</u>	<u>611</u>	<u>1,821,623</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

Deposits

State law specifies the types of financial institutions in which the component units can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2015, \$626,061 of the component units' bank balances of \$1,368,441 was uninsured, but all of the component units' bank balances were collateralized with securities held by the pledging financial institutions. The pledged securities were not held in the component units' names.

Investments

The component units have investments with the Wyoming Government Investment Fund (WGIF), an investment pool authorized by the State of Wyoming and managed by a private investment management firm. WGIF is available for investments of funds administered by any local government entity within the State of Wyoming. The WGIF offers cash management investments providing daily liquidity as well as fixed-rate, fixed-term investments and operates as described above for the primary government.

Component units manage their investment risk as follows:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units have no formal policies other than to follow the Wyoming State Statutes, as previously discussed.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policies for reducing exposure to credit risk are to comply with the Wyoming State Statutes. At June 30, 2015, with the exception of the land held for sale, all investments held by the component units are in WGIF, which is unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The component units' policies for reducing this risk are to comply with State laws.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the component units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The component units have no formal policies with respect to custodial credit risk. As of June 30, 2015, all of the component units' investments are in WGIF.

Note 4 – Beneficial Interest

The Lincoln County Library Foundation (Foundation) has transferred assets to the Wyoming Community Foundation (Community Foundation) which is holding the assets as an endowed component fund (Fund) for the benefit of the Foundation. The assets held by the Community Foundation are non-refundable to the Foundation. The Foundation has granted the Community Foundation variance power which gives the Community Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Community Foundation's investment and spending policies which currently result in an annual distribution to the Foundation of 4 percent of the average quarterly value over the previous 12 quarters. The Foundation reports the fair value of the Fund as a Beneficial Interest in the statement of net position and reports distributions received as investment income in the statement of activities. Changes in the value of the Fund are also reported as investment income in the statement of activities. Changes in the Fund are as follows:

Balance at June 30, 2014	\$ 938,289
Additional amounts invested in Fund	54,000
Share of depreciation of Fund	<u>(31,820)</u>
Balance at June 30, 2015	\$ <u><u>960,469</u></u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5 – Receivables and Due from Other Governments

Primary Government

The County's receivables and due from other governments balances consist of the following:

Accounts receivable:		
Landfill fees	\$	38,118
Emergency management – 911 fees		24,847
Other fees and permits		<u>66,013</u>
Total accounts receivable	\$	<u><u>128,978</u></u>
Taxes receivable:		
Property taxes – deferred to future periods	\$	7,716,106
Property taxes – current		<u>36,391</u>
Total taxes receivable	\$	<u><u>7,752,497</u></u>
Due from other governments:		
Sales, use, and other taxes	\$	1,154,230
Grants reimbursements		715,454
Contracts reimbursements		<u>8,944</u>
Total due from other governments	\$	<u><u>1,878,628</u></u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5 – Receivables and Due from Other Governments (continued)

Component Units

The component units' receivables and due from other governments balances consist of the following:

Weed and Pest:

Trade receivables	\$ <u>56,209</u>
Taxes receivable	
Property taxes – deferred to future periods	\$ 817,000
Property taxes – current	<u>6,753</u>
Total taxes receivable	\$ <u>823,753</u>

County Fair:

Taxes receivable	
Property taxes – deferred to future periods	\$ 500,000
Property taxes – current	<u>7,527</u>
Total taxes receivable	\$ <u>507,527</u>

County Library:

Other receivables	\$ <u>1,881</u>
Taxes receivable	
Property taxes – deferred to future periods	\$ 1,332,000
Property taxes – current	<u>9,421</u>
Total taxes receivable	\$ <u>1,341,421</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6 – Capital Assets

Primary Government

Capital asset activity is as follows:

	Balance 7/1/14	Additions	Retirements	Transfers	Balance 6/30/15
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,627,359	-	-	-	2,627,359
Rights of way	1,056,600	-	-	-	1,056,600
Construction in progress	2,602,310	2,293,811	-	-	4,896,121
	<u>6,286,269</u>	<u>2,293,811</u>	<u>-</u>	<u>-</u>	<u>8,580,080</u>
Capital assets being depreciated:					
Buildings and improvements	47,931,722	32,440	-	-	47,964,162
Infrastructure	23,600,361	89,770	-	-	23,690,131
Equipment and vehicles	16,674,779	717,772	(228,995)	-	17,163,556
	<u>88,206,862</u>	<u>839,982</u>	<u>(228,995)</u>	<u>-</u>	<u>88,817,849</u>
Accumulated depreciation for:					
Buildings and improvements	(13,082,469)	(1,106,037)	-	-	(14,188,506)
Infrastructure	(13,210,217)	(669,625)	-	-	(13,879,842)
Equipment and vehicles	(9,767,846)	(1,082,233)	153,416	-	(10,696,663)
	<u>(36,060,532)</u>	<u>(2,857,895)</u>	<u>153,416</u>	<u>-</u>	<u>(38,765,011)</u>
Total capital assets being depreciated, net	<u>52,146,330</u>	<u>(2,017,913)</u>	<u>(75,579)</u>	<u>-</u>	<u>50,052,838</u>
Total governmental activities capital assets, net	<u>\$ 58,432,599</u>	<u>275,898</u>	<u>(75,579)</u>	<u>-</u>	<u>58,632,918</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6 – Capital Assets (continued)

Depreciation expense was charged to functions of the County as follows:

Public works	\$	979,755
Health and welfare		605,083
Public safety		941,280
General government		<u>331,777</u>
	\$	<u><u>2,857,895</u></u>

Component Units

Capital asset activity of component units is as follows:

	Balance 7/1/14	Additions	Retirements	Balance 6/30/15
Weed and Pest:				
Land	\$ 10,103	-	-	10,103
Buildings and improvements	725,732	-	-	725,732
Equipment	474,943	59,207	(6,100)	528,050
Accumulated depreciation	<u>(391,763)</u>	<u>(82,428)</u>	<u>6,100</u>	<u>(468,091)</u>
	<u>\$ 819,015</u>	<u>(23,221)</u>	<u>-</u>	<u>795,794</u>
County Fair:				
Buildings and improvements	\$ 559,833	-	-	559,833
Equipment	298,263	22,500	-	320,763
Accumulated depreciation	<u>(320,578)</u>	<u>(43,283)</u>	<u>-</u>	<u>(363,861)</u>
	<u>\$ 537,518</u>	<u>(20,783)</u>	<u>-</u>	<u>516,735</u>
County Library:				
Buildings and improvements	\$ 75,335	-	-	75,335
Equipment	159,331	-	-	159,331
Accumulated depreciation	<u>(135,801)</u>	<u>(7,599)</u>	<u>-</u>	<u>(143,400)</u>
	<u>\$ 98,865</u>	<u>(7,599)</u>	<u>-</u>	<u>91,266</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6 – Capital Assets (continued)

Depreciation expense was charged to the component units as follows:

Weed and Pest	\$	82,428
County Fair		43,283
County Library		<u>7,599</u>
	\$	<u><u>133,310</u></u>

Note 7 – Accounts Payable and Accrued Liabilities

Primary Government

The County's accounts payable and accrued liabilities consist of the following:

Payables to vendors	\$	468,916
Accrued interest		465,314
Payables to contractors		333,119
Payables to other governmental units		86,546
Other		<u>34,577</u>
	\$	<u><u>1,388,472</u></u>

Component Units

The component units' accounts payable and accrued liabilities consist of the following:

Payables to vendors	\$	<u>42,724</u>
	\$	<u><u>42,724</u></u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8 – Long-Term Liabilities

Primary Government

Long-term liability activity is as follows:

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/15</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities:</i>					
Landfill closure costs	\$ 7,038,000	115,000	(62,000)	7,091,000	40,000
Compensated absences	428,000	336,156	(238,156)	526,000	526,000
Capital leases	10,408,388	-	(43,388)	10,365,000	103,000
	<u>\$ 17,874,388</u>	<u>451,156</u>	<u>(343,544)</u>	<u>17,982,000</u>	<u>669,000</u>

The County has the following capital lease obligations pertaining to governmental activities:

\$10,365,000 lease-purchase agreement, payable to the Lincoln County Building Corporation in semi-annual installments of \$327,300, beginning February 1, 2015, including interest of 3.4%, maturing February 2037. Secured by property and equipment.

\$ 10,365,000

\$ 10,365,000

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8 – Long-Term Liabilities (continued)

The following is a schedule of the future minimum lease payments under the governmental activities' capital leases and the present value of the net minimum lease payments:

<u>Year</u>	<u>Amount</u>
2016	\$ 372,000
2017	655,000
2018	655,000
2019	655,000
2020	655,000
Thereafter	<u>13,266,000</u>
Net minimum lease payments	16,258,000
Less amount representing interest	<u>(5,893,000)</u>
Present value of net minimum lease payments	<u>\$ 10,365,000</u>

At June 30, 2015, the cost of assets financed by capital leases is \$19,310,381 net of accumulated depreciation of \$699,224.

Conduit Debt:

The County has issued the following bonds that have been authorized under the Wyoming Industrial Development Projects Act, W.S. 15-1-701. The bonds are not general obligations of the County nor are any of the bonds, including interest thereon, debt or indebtedness of the County. As such, no liability has been reported in the statement of net position.

- \$45,000,000 Pollution Control Revenue Refunding Bonds Series 1991, interest only payments at 11.3%, until final payment on June 1, 2016. The bonds were issued for PacifiCorp.
- \$8,300,000 Pollution Control Revenue Bonds Series 1993, interest only payments at 5.625%, until final payment on June 1, 2021. The bonds were issued for PacifiCorp.
- \$15,060,000 Pollution Control Revenue Bonds Series 1994, interest only payments at 8.63%, until final payment on June 1, 2024. The bonds were issued for PacifiCorp.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8 – Long-Term Liabilities (continued)

Conduit Debt: (continued)

- \$22,000,000 Environmental Improvement Revenue Bonds Series 1995, interest only payments at 8.63%, until final payment on November 1, 2025. The bonds were issued for PacifiCorp.
- \$134,000,000 Pollution Control Revenue Refunding Bonds Series 2014, one-time payment of \$871,000. The bonds were issued for ExxonMobil.

In connection with the issuance of conduit debt, the County has entered into fee arrangements requiring the payment of financing fees. During the year ended June 30, 2015, the County collected \$969,557 in financing fees.

Landfill Closure and Post-closure Liability

State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for 30 years after closure. The general fund records the operating expenses related to all activities of the landfills. In the statement of net position, a liability is recorded based on the estimated future closure and post-closure costs that will be incurred near or after the date the landfill no longer accepts waste and during the post-closure monitoring period. The expense recorded for these landfill closure and post-closure costs is based on the amount of the change in the remaining available storage capacity and/or the change in total estimated closure and post-closure costs during the year.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8 – Long-Term Liabilities (continued)

The total cost of landfill closure and post-closure care is an estimate and subject to changes due to inflation, changes in technology, or changes in landfill laws and regulations. The estimated liability for landfill closure and post-closure costs is as follows:

	<u>Closure and Post-closure Liability</u>	<u>Remaining Capacity</u>	<u>Remaining Life</u>	<u>% of Capacity Used to Date</u>
Cokeville landfill #2	\$ 1,809,000	35,000 cubic yards	1 year*	88%
Thayne landfill	1,794,000	1,000 cubic yards	1 year*	99%
Kemmerer landfill #1	1,425,000	Full	N/A	100%
Kemmerer landfill #2	1,393,000	925,000 cubic yards	1 year*	36%
Cokeville landfill #1	<u>670,000</u>	Full	N/A	100%
	<u>\$ 7,091,000</u>			

* Remaining useful life is based upon the status of permits received from the State of Wyoming.

Landfill Closure and Post-closure Liability (continued)

It is estimated that approximately \$2,800,000 will be recorded as additional closure and post-closure care expenses as the capacity of the landfills is consumed.

The current estimate of the total cost of the landfill closure and post-closure care is approximately \$9,900,000. This estimate is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of June 30, 2015.

The County has the option in accordance with state laws and regulations to pay a premium (security deposit) equal to 3% of the estimated closure and post-closure costs to a State trust fund in exchange for an exemption from State laws regarding financial assurance requirements for the landfills. The State also guarantees that it will satisfy all closure and post-closure care requirements using the State trust fund but has the right to recover expenses in excess of the deposit from the County. The County, upon satisfying the closure and post-closure requirements may request a refund of the deposit. The County has elected this option, and at June 30, 2015, approximately \$60,700, is on deposit with the State of Wyoming. The amount held by the State is reported as a security deposit. Closure and post-closure costs are primarily funded out of current financial resources of the general fund.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8 – Long-Term Liabilities (continued)

Component Units

Long-term liability activity is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 106,802	80,597	(87,597)	99,802	99,802

Note 9 – Deferred Inflows of Resources

Primary Government

Deferred inflows of resources related to property taxes as of June 30, 2015 are \$7,739,023 on both the government-wide statements and governmental fund statements.

Component Units

Deferred inflows of resources are reported by the discretely presented component units as follows:

<i>Weed and Pest:</i>	
Property taxes	\$ 817,000
 <i>County Fair:</i>	
Property taxes	\$ 500,000
 <i>County Library:</i>	
Property taxes	\$ 1,332,000

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10 – Net Position and Fund Equities

The following schedule details fund equity balances:

Governmental Activities:

Nonspendable:	
Inventory	\$ 202,000
Prepaid expenses	46,476
	248,476
Restricted:	
Roads	1,394,440
Emergency services	72,567
Landfill closure and post-closure costs	60,700
Contracts	56,613
Abandoned vehicles	30,974
	1,615,294
Committed:	
Debt service	2,064,786
Assigned:	
Special projects	762,731
Other purposes	139,286
	902,017
Unassigned	12,582,201
	\$ 17,412,774

Restricted fund balance/net position represent monies required to be maintained to satisfy third party agreements, legal requirements, or enabling legislation. Committed and assigned fund balances represent the commitment or assignment of monies by the County Commissioners.

Net position restricted by enabling legislation includes net position restricted for road projects, emergency services, landfill closure and post-closure costs, and abandoned vehicles.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans

The County participates in the Wyoming Retirement System (the "System"), a statewide cost-sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling 1-307-777-7691. Substantially all County employees are eligible to participate in following retirement plans offered by the System based upon eligibility and hiring status: 1) Public Employees Pension Plan; 2) Law Enforcement Pension Plan; and 3) Wyoming Deferred Compensation Plan.

Public Employees Pension Plan

The Public Employees Pension Plan (PEPP) is a cost sharing multiple employer defined benefit, contributory retirement plan covering substantially all full-time employees of the County.

PEPP statutorily requires 15.87% of the participant's salary to be contributed to PEPP. Contributions consist of 8.25% of the participant's salary as employee contributions and 7.62% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- Tier 1, PEPP allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.
- Tier 2, PEPP allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

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

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in PEPP and be eligible for retirement benefits at age 50 (Tier 1 employees) and 60 (Tier 2 employees).

Contributions by the County to PEPP for the year ended June 30, 2015 were \$637,833, and contributions by the County's Weed and Pest Control District, Fair Board, and Library Board component units were \$51,943, \$17,167, and \$107,375, respectively.

Law Enforcement Pension Plan

The Wyoming Law Enforcement Pension Plan (LEPP) is a cost sharing multiple employer defined benefit, contributory plan covering all law enforcement employees of the County.

LEPP statutorily requires participants to contribute 8.6% of their salary to LEPP and the employer is required to contribute 8.6% of each participant's salary.

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

Contributions by the County to LEPP for the year ended June 30, 2015 were \$427,934.

Wyoming Deferred Compensation Plan

The Plan administered by the System is an IRS Section 457 Deferred Compensation Plan. This Plan is available as a supplemental plan to the defined benefit retirement plans. Contributions may be made into this Plan (subject to plan and Internal Revenue Code limitations) by employees. The County's involvement is limited to withholding the amounts elected by employees and remitting those amounts to the Wyoming Deferred Compensation Plan.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

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

Governmental Activities:

At June 30, 2015, the County reported an entity-wide net pension liability of \$4,179,193 related to governmental activities which was calculated as follows:

<u>Plan</u>	<u>Proportionate Share</u>	<u>Net Pension Liability</u>
PEPP	0.212240107%	\$ 3,745,385
LEPP	1.472349251%	<u>433,808</u>
Total net pension liability		<u>\$ 4,179,193</u>

Component Units

Each of the County’s component units only participated in PEPP. At June 30, 2015, the net pension liability for component units is \$1,105,465, of which \$325,482 is related to the Weed and Pest Control District, \$95,506 is related to the County Fair Board, and \$684,477 is related to the County Library, which were calculated as follows:

<u>PEPP</u>	<u>Proportionate Share</u>	<u>Net Pension Liability</u>
County Library	0.038787308%	\$ 684,477
Weed and Pest	0.018444113%	325,482
County Fair	0.005412064%	<u>95,506</u>
Total net pension liability		<u>\$ 1,105,465</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

Governmental Activities

For the year ended June 30, 2015, the County recognized pension expense related to governmental activities of \$678,882. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 478,414
Contributions subsequent to the measurement date	<u>500,424</u>
	<u>\$ 978,838</u>

Deferred outflows of resources related to pensions resulting from County contributions of \$500,424 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 119,604
2017	119,604
2018	119,604
2019	<u>119,602</u>
	<u>\$ 478,414</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

Component Units

For the year ended June 30, 2015, the County recognized pension expense related to component units of \$532,838. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Weed & Pest Deferred Outflows of Resources</u>	<u>County Fair Deferred Outflows of Resources</u>	<u>County Library Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 26,687	7,831	56,121
Contributions subsequent to the measurement date	<u>17,341</u>	<u>7,231</u>	<u>44,771</u>
	<u>\$ 44,028</u>	<u>15,062</u>	<u>100,892</u>

Deferred outflows of resources related to pensions resulting from Weed & Pest, County Fair, and County Library contributions of \$17,341, \$7,231, and \$44,771, respectively, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Weed & Pest Deferred Outflows of Resources</u>	<u>County Fair Deferred Outflows of Resources</u>	<u>County Library Deferred Outflows of Resources</u>
2016	\$ 6,672	1,958	14,030
2017	6,672	1,958	14,030
2018	6,672	1,958	14,030
2019	<u>6,671</u>	<u>1,957</u>	<u>14,031</u>
	<u>\$ 26,687</u>	<u>7,831</u>	<u>56,121</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PEPP</u>	<u>LEPP</u>
Projected salary increases, includes inflation	4.25% to 6.00%	4.25% to 8.00%
Assumed inflation rate	3.25%	3.25%
Investment Rate of Return	7.75%	7.75%

Mortality rates were based on the RP-2000 Combined Mortality Table, fully generational, for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7.75%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the 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 payment to determine the total pension liability.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

Rate of Return

<u>Asset Class</u>	<u>Allocation</u>	<u>30 Year Arithmetic Expected Real Return</u>	<u>Contribution to Total Fund Arithmetic Real Return</u>
Cash	3%	0.5%	0.01%
Fixed Income	15%	0.98%	0.15%
Equity	55%	6.66%	3.66%
Marketable Alternatives	16%	4.19%	0.65%
Private Markets	12%	7.13%	0.86%
Totals	100%		5.33%
Inflation			3.25%
Expected Arithmetic Rate of Return			<u>8.58%</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

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

Governmental Activities:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
<i>PEPP</i>			
Proportionate share of net pension liability	5,852,900	3,745,385	1,975,557
<i>LEPP</i>			
Proportionate share of net pension liability (asset)	1,514,722	433,808	(458,199)

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11 – Retirement Plans (continued)

Component Units:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
<i>County Library</i>			
Proportionate share of net pension liability (asset)	1,069,629	684,477	361,037
<i>Weed & Pest</i>			
Proportionate share of net pension liability	508,629	325,482	171,680
<i>County Fair</i>			
Proportionate share of net pension liability	149,247	95,506	50,376

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System financial report.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12 – Interfund Transfers

Interfund transfers consist of the following:

<u>Purpose</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Transfer to</u>
County matching funds	\$ 541,619	General Fund	Grants Fund
County matching funds	\$ 91,832	State Roads Fund	Grants Fund
County matching funds	\$ 91,462	General Fund	Grants Fund
Transfer to establish debt service fund	\$ 2,573,963	General Fund	Debt Service Fund
Transfer of unused County matching funds upon completion of grant funded projects	\$ 422	Grants Fund	General Fund

Note 13 – Risk Management

Health Plan

The County operates a self-insured employee health and dental benefit plan. The plan provides benefits to eligible employees and their dependents. The County pays the entire premium for the employee and pays all claims below the threshold of the reinsurance contracts the County has entered into. The County has entered into (stop-loss) reinsurance contracts for this plan at \$90,000 per individual and \$1,000,000 for the overall plan. At June 30, 2015, the plan had incurred claims payable and estimated claims incurred but not reported (IBNR) of \$169,019.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 13 – Risk Management (continued)

Changes to aggregate claims liabilities for the years ended June 30, 2015 and 2014, respectively, are as follows:

<u>Claims Liabilities 7/1/14</u>	<u>Claims Incurred and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Liabilities 6/30/15</u>
\$ 235,000	1,632,862	(1,698,844)	169,018

<u>Claims Liabilities 7/1/13</u>	<u>Claims Incurred and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Liabilities 6/30/14</u>
\$ 155,000	2,156,177	(2,076,177)	235,000

General Liability

The nature of the County’s operations makes it susceptible to lawsuits, legal actions, and other judgments. The County mitigates its risk of material loss from these events through the purchase of commercial liability insurance. The County had no claim settlements over the past three years that exceeded its insurance coverage.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 14 – Operating Leases

The County leases approximately 370 acres of land from the Bureau of Land Management upon which the County maintains and operates a ski area. The County has a significant investment in improvements upon this property. The lease agreement was entered into June 16, 2000, and the term is for 25 years with no annual fee. The ski area is operated by an independent contractor who pays a percentage of gross revenue to the County.

The County has entered into a non-cancelable rental agreement for postage services. Lease rental expense under operating leases for copiers and postage services for fiscal year 2015 was approximately \$35,000.

Future minimum non-cancelable operating lease payments are approximately as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 35,000
2017	35,000
2018	<u>17,000</u>
	\$ <u><u>87,000</u></u>

Required Supplementary Information

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Property taxes	\$ 7,769,023	7,769,023	7,812,798	43,775
Payments in lieu of property taxes	607,284	607,284	1,137,906	530,622
Sales and use taxes	3,643,229	3,643,229	4,386,252	743,023
State gasoline tax	1,222,847	1,222,847	1,188,552	(34,295)
Vehicle fees	623,500	623,500	619,684	(3,816)
Severance tax	699,932	699,932	711,634	11,702
Other taxes	5,000	5,000	6,892	1,892
Total taxes	<u>14,570,815</u>	<u>14,570,815</u>	<u>15,863,718</u>	<u>1,292,903</u>
Other Revenues				
Intergovernmental	243,500	243,500	721,459	477,959
Charges for services	1,106,800	1,106,800	2,376,142	1,269,342
Licenses and permits	8,500	8,500	12,912	4,412
Interest and investment income	100,000	100,000	171,561	71,561
Miscellaneous	115,000	115,000	112,351	(2,649)
Total other revenues	<u>1,573,800</u>	<u>1,573,800</u>	<u>3,394,425</u>	<u>1,820,625</u>
Total revenues	<u>16,144,615</u>	<u>16,144,615</u>	<u>19,258,143</u>	<u>3,113,528</u>
Expenditures:				
General government				
Salaries, wages, and benefits	2,663,276	2,663,276	2,614,093	49,183
Payroll taxes	665,780	665,780	676,201	(10,421)
Contributions to other governments	78,000	78,000	78,000	-
County commissioners	383,532	383,532	315,330	68,202
County clerk	339,745	339,745	335,433	4,312
County treasurer	323,049	323,049	319,850	3,199
County assessor	404,849	404,849	392,274	12,575
County attorney	336,859	336,859	339,950	(3,091)
Clerk of district court	265,331	265,331	271,149	(5,818)
County court	1,500	1,500	1,069	431
Courthouse	490,665	490,665	459,952	30,713
Elections	77,578	77,578	62,569	15,009
General accounts	564,500	564,500	452,832	111,668
Afton county offices	155,739	155,739	144,210	11,529
Computer support	487,313	487,313	650,079	(162,766)
Capital outlay and other	1,039,126	1,039,126	2,300	1,036,826
Total general government	<u>8,276,842</u>	<u>8,276,842</u>	<u>7,115,291</u>	<u>1,161,551</u>

(continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public safety				
County sheriff	2,116,209	2,116,209	2,023,334	92,875
County jail	971,206	971,206	917,796	53,410
County coroner	84,260	84,260	95,957	(11,697)
Emergency management	138,618	138,618	134,592	4,026
Juvenile services	6,000	6,000	88	5,912
Contributions to other entities	66,800	66,800	74,641	(7,841)
Capital outlay and other	522,178	13,000	11,296	1,704
Total public safety	<u>3,905,271</u>	<u>3,396,093</u>	<u>3,257,704</u>	<u>138,389</u>
Public works				
Road and bridge	2,279,554	2,279,554	2,335,462	(55,908)
County planner	395,063	395,063	389,590	5,473
Contributions to other entities	146,500	146,500	145,000	1,500
Total public works	<u>2,821,117</u>	<u>2,821,117</u>	<u>2,870,052</u>	<u>(48,935)</u>
Health and welfare				
Public health	219,311	219,311	207,148	12,163
Landfill	1,500,863	1,500,863	1,331,098	169,765
Human services	462,050	462,050	419,847	42,203
Extension services	136,435	136,435	132,552	3,883
Contributions to other entities	131,000	131,000	132,886	(1,886)
Library services	20,000	20,000	-	20,000
Total health and welfare	<u>2,469,659</u>	<u>2,469,659</u>	<u>2,223,531</u>	<u>246,128</u>
Total expenditures	<u>17,472,889</u>	<u>16,963,711</u>	<u>15,466,578</u>	<u>1,497,133</u>
Excess (deficiency) of revenues over expenditures	<u>(1,328,274)</u>	<u>(819,096)</u>	<u>3,791,565</u>	<u>4,610,661</u> (continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other financing sources (uses):				
Transfers in	-	-	422	422
Transfers out	<u>(2,765,425)</u>	<u>(2,932,044)</u>	<u>(3,207,044)</u>	<u>(275,000)</u>
Total other financing sources (uses)	<u>(2,765,425)</u>	<u>(2,932,044)</u>	<u>(3,206,622)</u>	<u>(274,578)</u>
Net change in fund balance	\$ <u>(4,093,699)</u>	<u>(3,751,140)</u>	584,943	<u>4,336,083</u>
Fund balance – beginning			<u>12,290,932</u>	
Fund balance – ending	\$		<u>12,875,875</u>	

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 3,129,845	3,129,845	1,640,396	(1,489,449)
Total revenues	<u>3,129,845</u>	<u>3,129,845</u>	<u>1,640,396</u>	<u>(1,489,449)</u>
Expenditures:				
Public safety	53,425	53,425	155,178	(101,753)
Public works	2,716,590	2,716,590	1,203,793	1,512,797
Health and welfare	<u>543,792</u>	<u>543,792</u>	<u>474,483</u>	<u>69,309</u>
Total expenditures	<u>3,313,807</u>	<u>3,313,807</u>	<u>1,833,454</u>	<u>1,480,353</u>
Deficiency of revenues over expenditures	<u>(183,962)</u>	<u>(183,962)</u>	<u>(193,058)</u>	<u>(9,096)</u>
Other financing sources (uses):				
Transfers in	183,962	350,581	724,913	374,332
Transfers out	<u>-</u>	<u>-</u>	<u>(422)</u>	<u>(422)</u>
Total other financing sources	<u>183,962</u>	<u>350,581</u>	<u>724,491</u>	<u>373,910</u>
Net change in fund balance	\$ <u>-</u>	<u>166,619</u>	531,433	<u>364,814</u>
Fund balance – beginning			<u>302,475</u>	
Fund balance – ending	\$		<u>833,908</u>	

LINCOLN COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2014

	<u>Public Employee Pension Plan</u>	<u>Law Enforcement Pension Plan</u>
Proportion of the net pension liability	0.212240%	0.147235%
Proportionate share of the net pension liability	\$ 3,745,385	\$ 433,808
Covered employee payroll	\$ 3,545,016	\$ 2,278,924
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	105.65%	19.04%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	94.76%

LINCOLN COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COMPONENT UNITS
December 31, 2014

	<u>Weed and Pest Control</u>	<u>County Fair</u>	<u>County Library</u>
<u>Public Employee Pension Plan</u>			
Proportion of the net pension liability	0.018444%	0.005412%	0.038787%
Proportionate share of the net pension liability	\$ 325,482	\$ 95,506	\$ 684,477
Covered employee payroll	\$ 308,072	\$ 90,397	\$ 647,858
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	105.65%	105.65%	105.65%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	79.08%	79.08%

LINCOLN COUNTY
SCHEDULE OF CONTRIBUTIONS
Year Ended June 30, 2015

	Public Employee Pension Plan	Law Enforcement Pension Plan
	<u> </u>	<u> </u>
Contractually required contribution	\$ 637,833	\$ 427,934
Contributions in relation to the contractually required contribution	<u>637,833</u>	<u>427,934</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,019,112	\$ 2,487,988
Contributions as a percentage of covered employee payroll	15.87%	17.20%

LINCOLN COUNTY
SCHEDULE OF CONTRIBUTIONS
COMPONENT UNITS
Year Ended June 30, 2015

	<u>Weed and Pest Control</u>	<u>County Fair</u>	<u>County Library</u>
<u>Public Employee Pension Plan</u>			
Contractually required contribution	\$ 51,943	\$ 17,167	\$ 107,375
Contributions in relation to the contractually required contribution	<u>51,943</u>	<u>17,167</u>	<u>107,375</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 327,303	\$ 108,173	\$ 676,591
Contributions as a percentage of covered employee payroll	15.87%	15.87%	15.87%

LINCOLN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each major special revenue fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis except for instances in which capital assets are purchased through issuance of debt.

Annual appropriated budgets are adopted for all governmental funds as required by state law. All annual appropriations lapse at fiscal year-end. The Board of County Commissioners may authorize increases to or uses of committed, assigned, or unassigned fund balances. In the budget presentation, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring and Compliance Related Matters

Prior to May 15, the County Clerk submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted prior to the third Monday in July to obtain public comments. The budget is adopted within 24 hours of the public hearing, or by the third Tuesday of July. The total budget for any individual department may be amended only upon a motion made by the Board of County Commissioners. After the publication of notice, the Board of County Commissioners may by resolution transfer any unexpended appropriation balance or part thereof from one fund or department to another.

Formal budgetary integration is employed as a management control device during the year for all governmental funds. In the General Fund, the legal level of expenditure control for budgetary purposes is the department level. Management may over-expend an object line item within a department without seeking a formal amendment from the Board of County Commissioners provided the total department expenditures budget is not over-expended.

In all governmental funds other than the General fund, the legal level of expenditure control for budgetary purposes is the total fund expenditures level. Management may over-expend an object line item within a fund without seeking a formal amendment from the Board of County Commissioners provided the total fund expenditures budget is not over-expended.

The public works function exceeded budgeted expenditures in the current year.

Note 3 – Schedules of the Proportionate Share of the Net Pension Liability and Contributions

Generally accepted accounting standards require the presentation of 10 years of the County's proportionate share of the net pension liability and the County's annual contributions. Transition provisions in the accounting standard indicate that information should be presented for as many years as are available. The County determined that it is not practicable to provide information prior to 2015.

Supplementary Information

LINCOLN COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	<u>Contracts</u>	<u>Enhanced 911</u>	<u>State Roads</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>					
Pooled cash and cash equivalents	\$ 199,214	52,293	69,727	2,064,786	2,386,020
Cash and cash equivalents	-	-	1,240,747	-	1,240,747
Accounts receivable	-	24,847	-	-	24,847
Due from other governments	8,274	-	83,966	-	92,240
Prepaid expenses	18,731	27,745	-	-	46,476
Total assets	<u>\$ 226,219</u>	<u>104,885</u>	<u>1,394,440</u>	<u>2,064,786</u>	<u>3,790,330</u>
<u>Liabilities</u>					
Accounts payable	\$ 2,419	4,573	-	-	6,992
Unearned revenue	80,347	-	-	-	80,347
Total liabilities	<u>82,766</u>	<u>4,573</u>	<u>-</u>	<u>-</u>	<u>87,339</u>
<u>Fund Balance</u>					
Nonspendable	18,731	27,745	-	-	46,476
Restricted	56,613	72,567	1,394,440	-	1,523,620
Committed	-	-	-	2,064,786	2,064,786
Assigned	68,109	-	-	-	68,109
Total fund balance	<u>143,453</u>	<u>100,312</u>	<u>1,394,440</u>	<u>2,064,786</u>	<u>3,702,991</u>
Total liabilities and fund balances	<u>\$ 226,219</u>	<u>104,885</u>	<u>1,394,440</u>	<u>2,064,786</u>	<u>3,790,330</u>

LINCOLN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>Contracts</u>	<u>Enhanced 911</u>	<u>State Roads</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Intergovernmental	\$ 139,951	-	615,059	-	755,010
Charges for services	-	154,898	-	-	154,898
Interest income	-	-	438	-	438
 Total revenues	 <u>139,951</u>	 <u>154,898</u>	 <u>615,497</u>	 <u>-</u>	 <u>910,346</u>
Expenditures:					
Public safety	96,962	170,083	-	-	267,045
Public works	-	-	666,659	-	666,659
Health and welfare	21,518	-	-	-	21,518
Debt service:					
Interest	-	-	-	509,177	509,177
 Total expenditures	 <u>118,480</u>	 <u>170,083</u>	 <u>666,659</u>	 <u>509,177</u>	 <u>1,464,399</u>
Excess of revenues over expenditures	<u>21,471</u>	<u>(15,185)</u>	<u>(51,162)</u>	<u>(509,177)</u>	<u>(554,053)</u>
Other financing sources (uses):					
Transfers in	-	-	-	2,573,963	2,573,963
Transfers out	-	-	(91,832)	-	(91,832)
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>(91,832)</u>	 <u>2,573,963</u>	 <u>2,482,131</u>
Net change in fund balance	\$ 21,471	(15,185)	(142,994)	2,064,786	1,928,078
Fund balance – beginning	<u>121,982</u>	<u>115,497</u>	<u>1,537,434</u>	<u>-</u>	<u>1,774,913</u>
Fund balance – ending	<u>\$ 143,453</u>	<u>100,312</u>	<u>1,394,440</u>	<u>2,064,786</u>	<u>3,702,991</u>

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONTRACTS FUND
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues:				
Intergovernmental	\$ <u>62,099</u>	<u>139,951</u>	<u>77,852</u>	<u>153,788</u>
Total revenues	<u>62,099</u>	<u>139,951</u>	<u>77,852</u>	<u>153,788</u>
Expenditures:				
Public safety	62,099	96,962	(34,863)	120,181
Health and welfare	<u>-</u>	<u>21,518</u>	<u>(21,518)</u>	<u>31,499</u>
Total expenditures	<u>62,099</u>	<u>118,480</u>	<u>(56,381)</u>	<u>151,680</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>21,471</u>	<u>21,471</u>	<u>2,108</u>
Other financing sources (uses):				
Transfers in	-	-	-	9,063
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,902)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,839)</u>
Net change in fund balance	\$ <u><u>-</u></u>	<u>21,471</u>	<u><u>21,471</u></u>	<u>(60,731)</u>
Fund balance – beginning		<u>121,982</u>		<u>182,713</u>
Fund balance – ending		\$ <u><u>143,453</u></u>		<u><u>121,982</u></u>

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ENHANCED 911 FUND
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues:				
Charges for services	\$ -	154,898	154,898	138,594
Total revenues	-	154,898	154,898	138,594
Expenditures:				
Public safety	200,568	170,083	30,485	134,387
Total expenditures	200,568	170,083	30,485	134,387
Excess (deficiency) of revenues over expenditures	\$ <u>(200,568)</u>	(15,185)	<u>185,383</u>	4,207
Fund balance – beginning		<u>115,497</u>		<u>111,290</u>
Fund balance – ending		\$ <u><u>100,312</u></u>		<u><u>115,497</u></u>

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STATE ROADS FUND
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015			2014 Actual
	Budget	Actual	Variance	
Revenues:				
Intergovernmental	\$ -	615,059	615,059	974,931
Interest income	-	438	438	638
Total revenues	-	615,497	615,497	975,569
Expenditures:				
Public works	1,262,169	666,659	595,510	885,921
Total expenditures	1,262,169	666,659	595,510	885,921
Excess (deficiency) of revenues over expenditures	(1,262,169)	(51,162)	1,210,569	89,648
Other financing uses:				
Transfers out	(91,832)	(91,832)	-	(151,750)
Total other financing uses	(91,832)	(91,832)	-	(151,750)
Net change in fund balance	\$ (1,354,001)	(142,994)	1,210,569	(62,102)
Fund balance – beginning		1,537,434		1,599,536
Fund balance – ending		\$ 1,394,440		1,537,434

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Debt Service Fund
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues:	\$ -	-	-	-
Expenditures:				
Interest	509,177	509,177	-	-
Total expenditures	509,177	509,177	-	-
Deficiency of revenues over expenditures	(509,177)	(509,177)	-	-
Other financing sources:				
Transfers in	2,573,963	2,573,963	-	-
Total other financing sources	2,573,963	2,573,963	-	-
Net change in fund balance	\$ <u>2,064,786</u>	2,064,786	<u>-</u>	-
Fund balance – beginning		-		-
Fund balance – ending		\$ <u>2,064,786</u>		<u>-</u>

LINCOLN COUNTY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015

	<u>Treasurer's Tax Fund</u>	<u>School Bond and Interest Fund</u>	<u>Hospital Bond and Interest Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 3,617,542	969,386	1,743	4,588,671
Total assets	<u>\$ 3,617,542</u>	<u>969,386</u>	<u>1,743</u>	<u>4,588,671</u>
<u>Liabilities</u>				
Due to taxing units	\$ 3,590,542	969,386	1,743	4,561,671
Refunds payable	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Total liabilities	<u>\$ 3,617,542</u>	<u>969,386</u>	<u>1,743</u>	<u>4,588,671</u>

LINCOLN COUNTY
COMBINING STATEMENT OF NET POSITION
COUNTY LIBRARY AND COUNTY LIBRARY FOUNDATION
June 30, 2015

	<u>County Library</u>	<u>County Library Foundation</u>	<u>Total County Library</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 618,248	44,703	662,951
Beneficial interest	-	960,469	960,469
Accounts receivable	1,761	120	1,881
Taxes receivable	1,341,421	-	1,341,421
Prepaid expenses	-	1,276	1,276
Capital assets	234,666	-	234,666
Accumulated depreciation	(143,400)	-	(143,400)
 Total assets	 \$ 2,052,696	 1,006,568	 3,059,264
<u>Deferred Outflows of Resources</u>			
Pensions	100,892	-	100,892
 Total deferred outflows of resources	 100,892	 -	 100,892
<u>Liabilities</u>			
Accounts payable	\$ 31,881	836	32,717
Compensated absences	34,000	-	34,000
Net pension liability	684,477	-	684,477
 Total liabilities	 750,358	 836	 751,194
<u>Deferred Inflows of Resources</u>			
Property taxes	1,332,000	-	1,332,000
 Total deferred inflows of resources	 1,332,000	 -	 1,332,000
<u>Net position</u>			
Net investment in capital assets	91,266	-	91,266
Restricted – nonexpendable	-	960,469	960,469
Unrestricted	(20,036)	45,263	25,227
 Total net position	 \$ 71,230	 1,005,732	 1,076,962

LINCOLN COUNTY
COMBINING STATEMENT OF ACTIVITIES
COUNTY LIBRARY AND COUNTY LIBRARY FOUNDATION
Year Ended June 30, 2015

	<u>County Library</u>	<u>County Library Foundation</u>	<u>Total County Library</u>
Expenses	\$ 1,578,413	11,133	1,589,546
Program revenues:			
Charges for services	13,684	-	13,684
Operating grants and contributions	1,500	62,160	63,660
Total program revenues	15,184	62,160	77,344
Net revenues (expenses)	(1,563,229)	51,027	(1,512,202)
General revenues:			
Taxes	1,432,925	-	1,432,925
Investment income	133	(5,042)	(4,909)
Miscellaneous	3,182	-	3,182
Total general revenues	1,436,240	(5,042)	1,431,198
Change in net position	(126,989)	45,985	(81,004)
Net position – beginning, as restated	198,219	959,747	1,157,966
Net position – ending	\$ 71,230	1,005,732	1,076,962

LINCOLN COUNTY DRUG COURT
SCHEDULE OF FINANCIAL POSITION
June 30, 2015

<u>Assets</u>		
Cash and cash equivalents		\$ <u>27,965</u>
Total assets		\$ <u><u>27,965</u></u>
<u>Liabilities and Fund Balance</u>		
Accounts payable		\$ <u>14,305</u>
Total liabilities		14,305
Fund balance		<u>13,660</u>
Total liabilities and fund balance		\$ <u><u>27,965</u></u>

LINCOLN COUNTY DRUG COURT
SCHEDULE OF ACTIVITIES AND FUNCTIONAL EXPENSES
Year Ended June 30, 2015

Revenues:	
State grants	\$ 105,003
Contributions from Lincoln County	80,505
Participant fees	<u>6,040</u>
Total revenues	<u>191,548</u>
Expenses:	
Consultants and contractors	103,673
Salaries, wages, and benefits	66,676
Travel	2,868
Equipment purchases	7,882
Supplies	2,506
Training	<u>3,443</u>
Total expenses	<u>187,048</u>
Net change in fund balance	<u>\$ 4,500</u>

Single Audit Reports

LINCOLN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Agriculture (DOA)</u>			
<i>Passed through State Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	None	\$ 5,907
<i>Passed through State Forestry Division:</i>			
Cooperative Forestry Assistance	10.664	None	20,367
Schools and Roads Cluster	10.665	None	<u>498,878</u>
Total DOA			<u>525,152</u>
<u>Department of Transportation (DOT)</u>			
<i>Passed through Wyoming Department of Transportation:</i>			
Highway Planning and Construction Cluster	20.205	9007, 13007	363,034
		CN12062, CN12063, CN	
State and Community Highway Safety	20.600	12065, CN12066, CN12067	211,199
National Priority Safety Programs	20.616	M5CS-2015-15-M5-01(b)	<u>5,000</u>
Total DOT			<u>579,233</u>
<u>Health and Human Services (HHS)</u>			
<i>Passed through Wyoming Department of Health:</i>			
Public Health Emergency Preparedness	93.069	None	56,728
Temporary Assistance for Needy Families Cluster	93.558	None	65,533
Maternal and Child Health Services Block Grant	93.994	None	<u>17,160</u>
Total HHS			<u>139,421</u>
<u>Department of Homeland Security (DHS)</u>			
<i>Passed through Wyoming Office of Homeland Security:</i>			
Homeland Security Cluster:			
Homeland Security	97.067	13-GPD-LIN-SC-HSCG13	46,647
Homeland Security	97.067	13-GPD-LIN-LS-HLE13	9,425
Homeland Security	97.067	14-GPD-LIN-SC-HSG14	<u>14,601</u>
Total Homeland Security Cluster			70,673
Emergency Management Performance	97.042	14-GPD-LIN-EM-GCF14	<u>30,453</u>
Total DHS			<u>101,126</u>
Total Expenditures of Federal Awards			<u>\$ 1,344,932</u>

LINCOLN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.”

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity’s federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major programs. Major programs have been noted on the Schedule of Findings and Questioned Costs in accordance with those definitions.



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INDEPENDENT AUDITORS' 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 Board of County Commissioners
Lincoln County
Kemmerer, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Wyoming (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 15-01 to be a material weakness.

Compliance and Other Matters

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

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



JONES SIMKINS LLC

Logan, Utah

December 22, 2015



Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of County Commissioners
Lincoln County
Kemmerer, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Lincoln County, Wyoming's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County 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, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



JONES SIMKINS LLC

Logan, Utah

December 22, 2015

LINCOLN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

A. Summary of Audit Findings:

Financial Statements

- | | |
|---|-----------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | Yes - One |
| • Significant deficiency(ies) identified? | None identified |
| 3. Non-compliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None identified |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| 7. Identification of major programs: | Schools and Roads
Cluster CFDA #10.665 |
| | Highway Planning and
Construction Cluster
CFDA #20.205 |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

LINCOLN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

- B. Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*:

Finding 15-01

Criteria: Internal control standards adopted by the GAO expect that management or employees, in the normal course of performing their assigned functions, will prevent or detect misstatements in account balances prior to being reported in the financial statements and will implement the effects of new accounting standards prior to the issuance of the financial statements.

Condition: Auditor-proposed adjustments were required to make the financial statements and Schedule of Expenditures of Federal Awards conform to generally accepted accounting principles. Auditor-proposed adjustments were also required to make the financial statements conform to the effects of the County's implementation of GASB 68 and 71.

Cause: The County does not have sufficient training in accounting and financial reporting necessary to record, report, and disclose all balances and transactions in accordance with Generally Accepted Accounting Principles nor did the County utilize information provided by Wyoming Retirement System which included all necessary information to record all adjustments to meet the requirements of GASB 68 and 71.

Effect: The County has a material weakness in internal controls with respect to the accurate recording, reporting, and disclosure of transactions and balances in accordance with Generally Accepted Accounting Principles and with respect to implementing complex new accounting pronouncements.

Recommendation: County management should consider ways to reduce the number of year-end audit adjustments and consider whether obtaining the necessary training, materials, and resources to allow the County, and its discretely presented component units, to prepare financial information, including the Schedule of Expenditures of Federal Awards, on the accrual and modified accrual basis in accordance with generally accepted accounting principles with reduced assistance from the auditor is cost beneficial. Those charged with governance should also obtain the necessary information from the Wyoming Retirement System and record the necessary GASB 68 and GASB 71 adjustments at each year end.

LINCOLN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

- C. Findings and questioned costs related to federal awards required to be reported in accordance with OMB Circular A-133

None

LINCOLN COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2015

There were no audit findings in the prior year related to federal awards.

LINCOLN COUNTY
CORRECTIVE ACTION PLAN
(Client Submitted Document)
Year Ended June 30, 2015

Lincoln County respectfully submits the following corrective action plan for the year ended June 30, 2015:

The findings from the schedule of findings and questioned costs are addressed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Findings – Financial Statement Audit

Response to finding 15-01

The County will consider ways to improve the County's ability to record transactions in accordance with Generally Accepted Accounting Principles, and prepare accurate trial balances and Schedule of Expenditures of Federal Awards independent of the auditors.