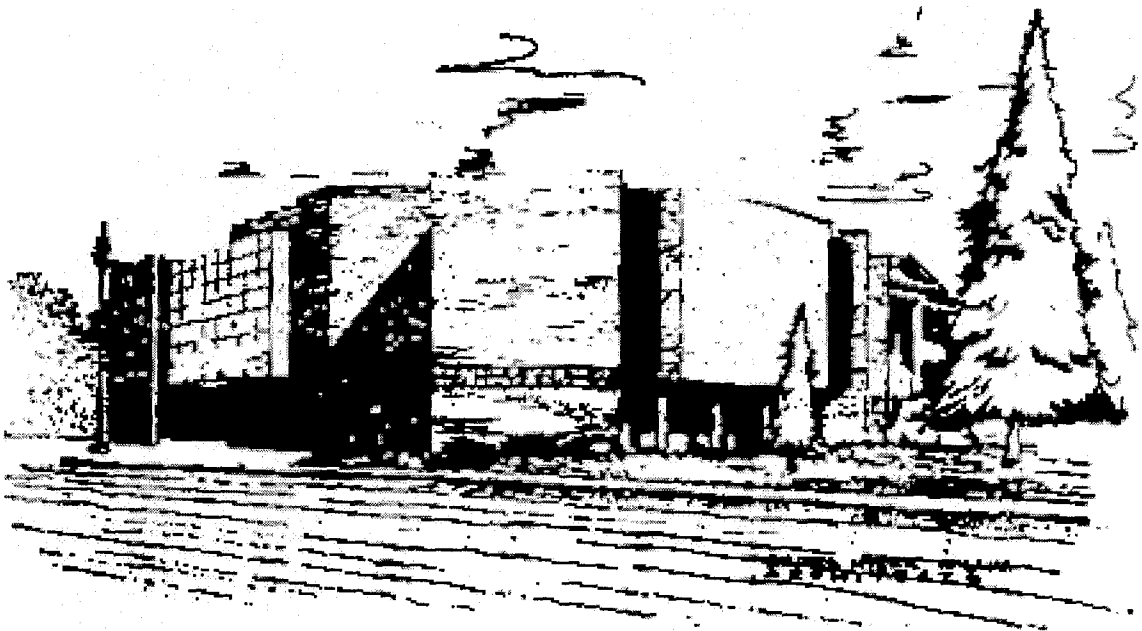


Goshen County Government 2013-2014 Management Report



**Including
Preliminary Financial Statements
for year ended June 30, 2014**

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SECTION ONE

INTRODUCTION

This **Management Discussion and Analysis** report is prepared by Goshen County elected officials, department heads and Russell Business Services. It summarizes the county's business and financial activity for the year ended June 30, 2014 fiscal year. Since the financial information is un-audited, completion of the audit may alter some of the information in this report.

This report is intended to serve county management and the county's citizens by providing an overview of the costs to operate the County Government, management concerns, bring focus to financial issues, and identify changes in financial position. It also report changes and deviations from the adopted budgets. Goshen County covers approximately 2,100 square miles and lies in the southeastern corner of Wyoming. The county government serves 13,249 citizens as of the 2010 Census which is used for distribution of funds thru 2020. The median household income is approximately \$40,000. Primary industries are agriculture, education, health care and government.

County Commissioners' Overview

We are managing expenses focusing on four primary objectives:

1. We are struggling to maintain cash reserves. Our defined goal has been to maintain in reserve three months' worth of operating expenses. The chart below demonstrates equity balances by fund, with and without Capital Assets (Land, Buildings, Improvements, Vehicles and Equipment), the last column indicates the amount of working capital, including cash reserves on hand at year end.

Government Fund	Fund Balance Including Capital Assets	Net amount Booked for Capital Assets	Legally Restricted Funds - Balance	Unrestricted Fund Balance (Working Capital)
General Fund	\$ 14,738,108	\$ 12,485,772	\$ 1,117,423	\$ 1,134,913
Fair	\$ 2,596,328	\$ 2,263,013	\$ 323,464	\$ 9,851
Library	\$ 295,936	\$ 46,164	\$ 0	\$ 249,772
Weed & Pest	\$ 848,869	\$ 208,748	\$ 5,642	\$ 635,058
Health Fund	\$ 8,105,641	\$ 6,945,607	\$ -	\$ 1,160,034
Total All Funds	\$ 26,584,882	\$ 2 1,949,304	\$ 1,446,529	\$ 3,189,628

2. We have calculated the expected life of our capital assets and measure the amount of real depreciation on an annual basis (Column B below). We are focused on repairing and replacing capital assets in amounts roughly equal to the annual real depreciation of those assets. Column B below shows the amount of depreciation by fund. As you can see below the total government's net income after depreciation was a loss of \$46,589, after allowing \$1,127,109 for depreciation or replacement and improvement of assets.

Government Fund	A Net Income before Depreciation	B 2013/2014 Depreciation	C Net Income After Depreciation
General Fund	\$ 1,025,656	\$ 811,684	\$ 213,971
Fair	\$ 31,335	\$ 71,321	\$ (39,985)
Library	\$ 49,298	\$ 5,062	\$ 44,236
Weed & Pest	\$ 150,415	\$ 31,649	\$ 118,766
Health Fund	\$ (176,184)	\$ 207,393	\$ (383,577)
Total All Funds	\$ 80,520	\$ 1,127,109	\$ (46,589)

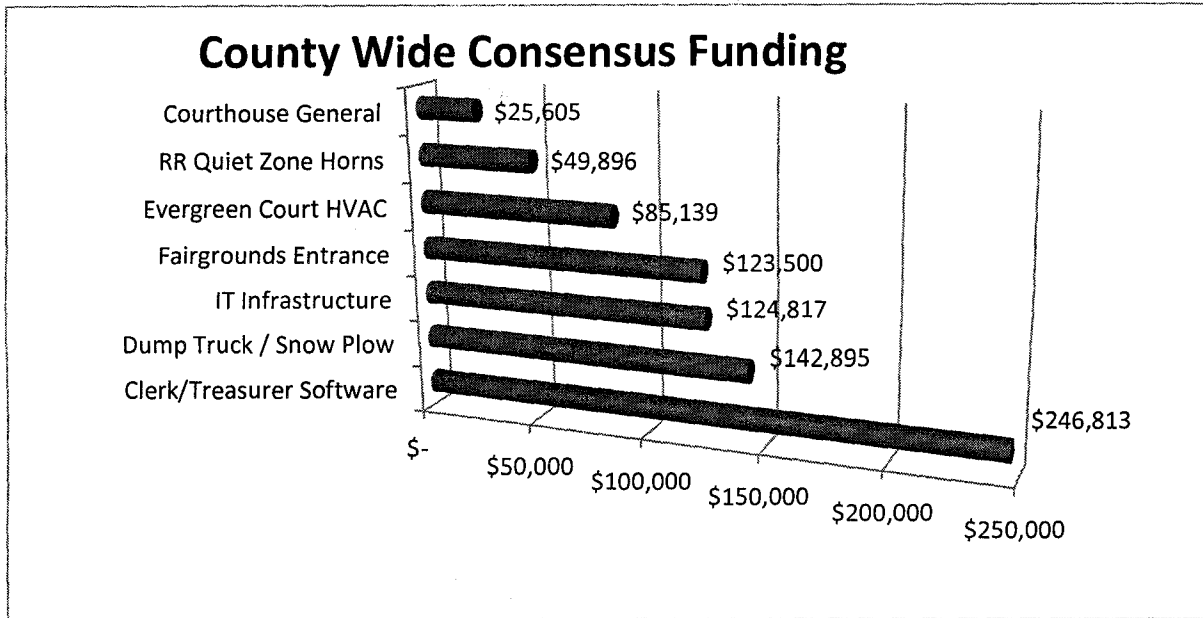
3. We continue to focus on maximizing the use of grants to improve our infrastructure including equipment, vehicles & County facilities, allowing us to make improvements with a minimal direct impact on the County taxpayers. Federal grant Revenue this year was \$409,743.94.

Grant Income by Department - 4 Year History				
	2013-2014	2012-2013	2011-2012	2010-2011
Commissioners	\$ 696,362	\$ 193,387	\$ 577,293	\$ 255,349
Sheriff	\$ 87,932	\$ 48,831	\$ 100,875	\$ 311,187
Clerk	\$ 50,813	\$ 0	\$ 0	\$ 0
Elections	\$ 7,073	\$ 0	\$ 0	\$ 0
Treasurer	\$ 100,866	\$ 0	\$ 0	\$ 0
Courthouse	\$ 11,256	\$ 0	\$ 0	\$ 0
Sheriff / Jail	\$ 0	\$ 0	\$ 638	\$ 89
Sheriff / Emergency Management	\$ 35,677	\$ 24,821	\$ 15,736	\$ 29,871
Fire Warden	\$ 0	\$ 0	\$ 0	\$ 340
Road & Bridge	\$ 142,895	\$ 0	\$ 0	\$ 0
Road Projects	\$ 370,397	\$ 43,915	\$ 3,815,808	\$ 340,961
Victims of Crime	\$ 32,657	\$ 32,042	\$ 31,540	\$ 31,540
Public Health	\$ 105,826	\$ 105,551	\$ 210,245	\$ 273,390
Energy	\$ 0	\$ 0	\$ 30,486	\$ 763,555
Information Technology	\$ 12,773	\$ 163,554	\$ 0	\$ 0
Recreation Director	\$ 0	\$ 0	\$ (24,595)	\$ 0
TOTAL GRANT INCOME	\$ 1,654,527	\$ 1,212,101	\$ 4,766,536	\$ 2,006,281

Countywide Consensus Grants

The Consensus Block Grant Program was started by the Wyoming Legislature in 2007. These grants are provided for out of the direct allocation of severance taxes that the legislature approves in its regular budget session. Each county is allocated a set amount, and the commissioners and representatives of the municipalities and special districts are required to come to a consensus of how the funds will be allocated between themselves. Applications must then be submitted to the Office of State Land and Investments for approval. The funds must be used for capital construction or certain types of equipment. For the 2013-14 biennium the legislature authorized \$2,138,341 to Goshen County. The portion of that amount allocated to county general was \$791,740. Funds remaining from the 2010-13 biennium totaling \$6,924.60 were added to the biennium allocation and grant applications totaling \$798,664.60 have been approved by the State Land and Investment Board over the past two fiscal years. A graph showing the approved applications is included.

During the 2014 Legislative session, Goshen County was authorized \$2,606,472 for the 2015-16 biennium. The county general portion of this authorization is \$1,109,416. These grant funds must be used on capital projects and not operations or normal maintenance.



4. We have worked to keep salaries competitive allowing us to maintain our exceptional workforce of County employees. Payroll with benefits continues to be the largest single expense line, representing 50% of the counties total expenses over the past year.

Payroll and Benefits County General - 3 Year History			
Expense in dollars	2013-2014	2012-2013	2011-2012
Wages	\$ 3,316,767	\$ 3,178,556	\$ 3,360,942
Payroll Taxes	\$ 337,066	\$ 276,719	\$ 288,621
Health Ins.-(Includes Fair & Library)	\$ 621,766	\$ 563,509	\$ 763,455
Retirement	\$ 502,794	\$ 483,629	\$ 492,159
TOTAL PERSONNEL EXPENSE	\$ 4,740,392	\$ 4,502,413	\$ 4,905,177
Percentage increase or decrease compared to previous year			
Wages	4.2%	-5.7%	1.5%
Payroll Taxes	17.9%	-4.3%	-1.8%
Health Insurance	9.4%	-35.5%	0.2%
Retirement	3.8%	-1.8%	13.3%
TOTAL PERSONNEL EXPENSE	5.8%	-8.9%	2.2%

2013-2014 FISCAL YEAR MANAGEMENT HIGHLIGHTS

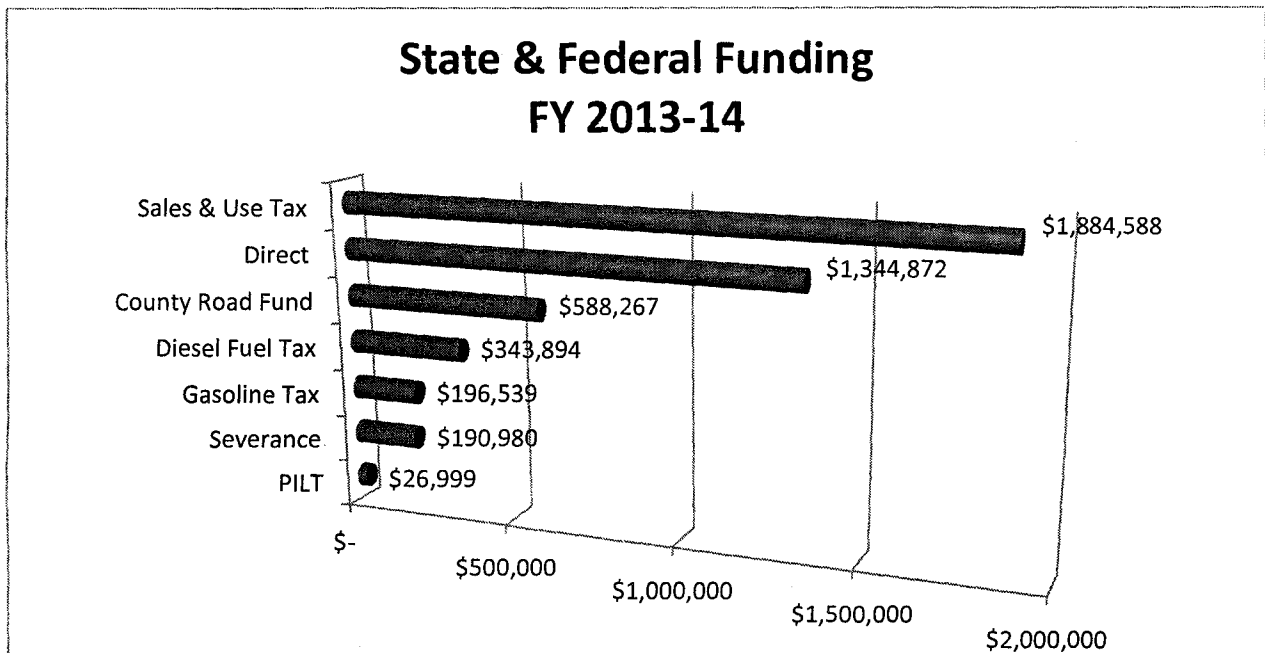
Fairgrounds

The work on the West entrance to the fairgrounds was completed. Funding for this project was provided through a Transportation Enhancement Activities Local (TEAL) grant (\$366,340) and the local match (\$81,500) from a countywide consensus block grant.

The county also received a donation of 7.31 acres of ground adjacent to the west boundary of the fairgrounds from SOL Land Development, LLC (Madden Brothers). Homeland Security had requested that the county provide an emergency exit from the fairground property in the event of an incident, such as a train derailment or severe accident blocking the entrances to the grounds on U.S. Highway 26/85. The donation of this property along with the purchase of property along CR 47 (funding also provided by a countywide consensus block grant) allowed county crews to construct a road through the fairgrounds that lined up with CR 70 F.

State & Federal Funding

State & Federal funding provided for 39 percent of the amended budgeted income for FY 2013-14. PILT (Payment In Lieu of Taxes) is the only direct Federal funding that is specifically budgeted for, although Federal Funds are received in grants such as TANF & Homeland Security. Federal Funds are also received from WYDOT on participation in highway projects. We have provided graphical presentations on the State & Federal funding used in the amended FY 2013-14 budget as well as the estimates that were used in the FY 2014-15 budget. You will note that the State revenues for fuel taxes (Gasoline, Diesel Fuel and County Road Funds) totaling \$1,142,721 in the FY 2014-15 budget are slightly more than the amended FY 2013-14 budget. This is due to the tax payments for the increased 10 cent tax that went into effect July 1, 2013 were not received until September, 2013.



FY 2014-2015 Budget

The State Constitution requires that a balanced budget be adopted by the Commission, and has to be approved prior to knowing the final outcome of the previous fiscal year. This requires a significant amount of guessing and looking at historical trends. The direct State funding that can be used in the general budget for 2014-15 will be \$153,882 less than actual receipts for 2013-14. The total assessed valuation of the county increased \$12,645,057, increasing the county general's portion of property taxes by \$171,649. The approved 2014-15 budget of \$9,183,129 is \$1,882,408 less than the amended 2013-14 budget, and projects adding \$1,797 to reserves, whereas the 2013-14 budget used reserves of \$263,755 to approve a balanced budget. Generally Accepted Accounting Principal (GAAP) rules require you must be able to prove that you have the cash available to meet the obligation which is very difficult when you have to approve a budget prior to knowing the amount of the last month's expenses of the previous fiscal year.

ACCOUNTING GROUPS OVERVIEW

The Goshen County government is made up of several components including several general government departments; the general Government restricted use funds, Library, Weed & Pest, Fair and the Health Facility Fund.

This report is laid out presenting Goshen County's financial condition in two different ways.

Section One of the report analyzes expenses by service type provided. A narrative describing the services provided by each department is accompanied by financial information relating to each department and is organized by service type. At the conclusion of each service type discussion, a historical expense summary is reported.

The Goshen County Government service types are reported as follows:

1. **General Government including Restricted Use Funds**
2. **Public Safety**
3. **Public Works**
4. **Health & Welfare**
5. **Culture & Recreation**
6. **Health Facility Funds**

In **Section Two** of the report financial statements are reported grouped by the accounting fund each entity belongs to. They are reported as follows:

1. **The County General Fund** includes the entities that are primarily funded by the county's 9.5 mill tax assessment. More specifically, this is the county's general departments, the restricted or special purpose funds, and capital assets including vehicles, equipment, land and buildings. Each department submits and is accountable for its own budget. The restricted use funds are monies set aside for specific and restricted county government purposes.

2. **The Special Revenue Funds** are entities primarily funded by special assessments over and above the county's general 9.5 mill tax assessment. Each special revenue fund is supported by a manager or supervisor and a board of directors. Goshen County's Special Revenue Funds are:

- | | |
|---------------------------|---|
| A. Library | -Funded by a 1.7 mill assessment |
| B. Fair | -Funded by a .8 mill assessment & 5 th Penny Tax |
| C. Weed & Pest | -Funded by a 2 mill assessment |

3. **The Health Facility Fund** is a Proprietary Fund which means it is primarily supported by revenues from the operations of the businesses. **Goshen County's proprietary fund** is known as the **Health Facility Fund** and includes three health care facilities operated in conjunction with Banner Health (Community Hospital) through a long term lease. The joint powers board overseeing the fund received a six month termination of the lease in January, 2014 and the board advertised for a new operator of the facilities. Beginning August 1, 2014, WELCOV has taken over the operations of the three facilities: Goshen County's Proprietary Funds consist of:

- A. **Evergreen Court**
- B. **Goshen Care Center / Goshen Alzheimer Facility**

4. **Community Center Joint Powers Board** was legally formed in July, 2009 for the purpose of funding the excess cost of rehabilitating a portion of the old Torrington Middle School into a recreation center. The costs became too great and that project was shelved, however the joint powers board is still in place and has been working towards being able to construct a stand-alone recreation facility operated by the YMCA. The preferred funding for construction of the facility would be to have the electors approve an additional 1cent Capital Facility Tax. Resolutions supported by a super majority of the municipalities and the county commissioners must be passed before the matter can be placed on the ballot, which has not been accomplished.

5. **Capital Facility and Special Sales Tax Groups** are discussed as a part of the proprietary group. Active Goshen County tax groups are described below.

- A. **Capital Facility Tax II** - ran from April 1991 to October 1995 and was to generate \$925,000 for Fairgrounds improvements, construction of the Rendezvous Center and Pavilion. This agreement also stated that \$200,000 plus interest would be used to establish a reserve. As of 6/30/2014 a balance of \$323,463.98 of this reserve fund remains available within the Fair fund. The fund earned \$1,596.74 and \$153,015.57 was withdrawn from the fund this past year.

- B. Capital Facility Tax III** - ran from April 1996 to February 2000 and was to raise \$4,000,000 to construct the Jail Facility. Two Jail payments were made out of the fund this year totaling \$85,080. As of 6/30/2014 a balance of \$27,769.78 remains available within the fund. The fund increased by a total of \$563.86 from interest earnings and \$85,080 was withdrawn for facility payments during the year. This reserve is called the Capital Facility III Detention Fund.
- C. 6. The Fiduciary Fund** is accounted for by the County Treasurer. It maintains a zero net balance and serves as a clearing account through which funds, including taxes from citizens, are collected and redistributed. Funds are collected for state and county agencies and 38 levied entities. These entities can generally be grouped as Wyoming State Government, school districts, municipalities, conservation districts, fire districts, irrigation and drainage districts, cemetery districts and sanitary districts. In fiscal year 2013-2014 the Treasurer collected and redistributed over Thirty One million dollars.
- D.** Because the net fund balance is zero, it is not included in the financial statements in Section Two of this report. The following balance sheet summary is offered for the fiduciary fund as of June 30, 2014:

Fiduciary Fund Summary Balance Sheet as of June 30, 2014		
Assets	Assets	Liabilities
Cash and Equivalents	\$ 726,793.21	
Liabilities	Assets	Liabilities
Cemetery Districts		\$ 4,111
Conservation Districts		\$ 7,447
Emergency 911		\$ 5,443
Fire Districts		\$ 132,514
Undistributed Protested		\$ 6,037
Irrigation and Drainage		\$ 41,425
Lodging Tourism 4%		\$ 9,491
Municipal		\$ 24,238
Sanitary Improvement District		\$ 16,846
Eastern Wyoming College		\$ 40,956
Goshen County School District #1		\$ 205,066
Niobrara School District #6		\$ 735
Platte School District #4 & #12D		\$ 445
Auto Sales Tax DOR		\$ 137,577
Sales Tax Interest		\$ 564
School Tax DOE		\$ 89,358
State Auto Fees Department of Transportation		\$ 4,539
Totals	\$ 726,793	\$ 726,793