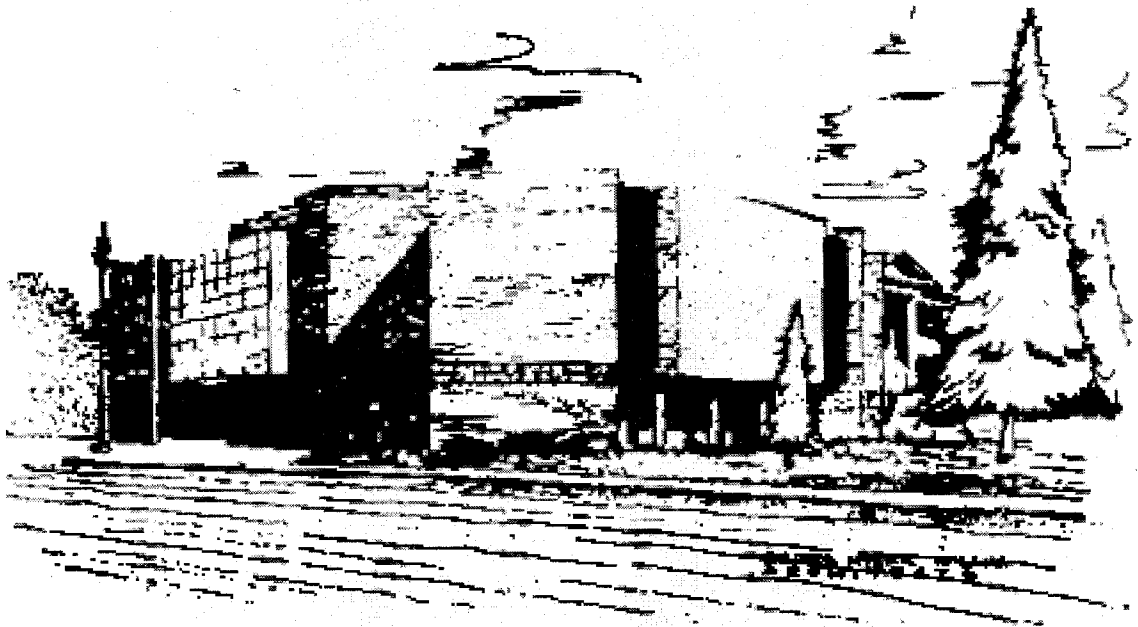


Goshen County Government 2016-2017 Management Report



**Including
Preliminary Financial Statements
For year ended June 30, 2017**

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INTRODUCTION

This **Management Discussion and Analysis** report is prepared by Goshen County elected officials, Department Managers and Russell Business Services. It summarizes the county's business and financial activity for the year ended June 30, 2017 fiscal year. The completion of the year-end 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 reports 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 average household income is approximately \$42,600. Primary industries are agriculture, education, health care and government.

Executive Summary

The Goshen County Commissioners Management Highlights for the 2016-2017 fiscal year along with goals and objectives for 2017-2018 are summarized below:

- November 2016, the **Optional 5th Penny Tax** was on the General Election Ballot. The tax is very important to the Towns, City, and County because the proceeds are 100% shared in Goshen County according to population. A vigorous campaign was mounted and over 70% of those who voted supported the tax. This tax will not be up for renewal until 2020. With the loss of Consensus Block Grant money from the State this tax is essential to run local governments. The County Commissioners monitor the County 5th Penny revenue tax funds and track related expenditures.
An accounting of what fifth-penny supports is available at the Clerk's Office. In this fiscal year we can summarize that Goshen County's 5th Penny tax revenue was \$674,088. That revenue was utilized to pay the following identified expenses grouped as follows:
 - \$278,607 Payments on Vehicles, Equipment & Improvements
 - \$96,500 Outside Consultants and Auditing
 - \$186,503 Local Service Commitments, Fair Support and Mosquito Control
 - \$114,956 Technology, Software and Operations
- The **Goshen Care Center Board** agreed to pay the County General Fund \$5,133.15 per month from their bank account to allow for the discrepancy of financial split that was established when the Care Center was in need of the money. This amounts to \$61,597.80 with a one-year agreement.
- The new **Paul Novak Kitchen at the Goshen Care Center** was completed. A dedication was held with Paul being honored. Also, a physical therapy room is being completed. The Care Center Fund is in good financial condition.
- **Health Insurance premiums** are going up \$90,000 for 2017-2018. The County Commissioners agreed to pay the entire increase so employee contributions will remain the same. United Health is the carrier and Cobecon is the insurance consultant we work with.
- With legislation passed in the 2017 Legislature, we are now able to **House out-of-state prisoners**. We have signed a contract with Scottsbluff County to house their overflow inmates until the addition to their jail is completed. We are optimistic that this will provide added income we need however; there is no guarantee of how many prisoners we will get or how long we will house them.

- We were able to add \$150,000 to our Reserve account bringing the total to \$400,000. We are hoping to monetarily help employees in 2017-2018. We continue to pay 100% of employee retirement benefits with County General employees receiving contributions of 16.62% while Sheriff Department employees receive contributions of 17.20%.
- Work continues on the Courthouse Security System. Cameras have been installed, doors have been replaced and bullet resistant material is now in place to help protect the Circuit Court Judge's bench. Monitors will be installed for the Clerk of the District Court and District Judge's Chambers. There is discussion with contractor Ken Farrier about moving the Circuit Court wall. The wall requires further research. Money is still available from the grant with no immediate deadline for the use of the funds.

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, Fair, Weed & Pest, and the Health Facility Fund.

This report is organized to present 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 you will find an historical expense summary comparing previous 5 years expenses as well as a Cost per Capita Summary. This Cost per Capita Summary is prepared by taking the net tax cost (Total Costs less Revenue and Grants generated) for each department divided by the number of Goshen County Citizens (13,249).

These summaries are intended to better communicate the net cost to taxpayers to operate each department.

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**

Section Two of the report includes financial statements and is organized by the accounting fund each entity belongs to.

1. **The County General Fund** includes the entities that are primarily funded by the county's 12 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 dollars set aside for specific and restricted county government purposes.
2. **The Special Revenue Funds** are supported by a manager or supervisor and a board of directors.
Goshen County's Special Revenue Funds are:
 - A. **Library**-Funded by budget approval process
 - B. **Fair** -Funded by budget approval process
 - C. **Weed & Pest**-Funded by a 2 mill assessment

3. **The Health Facility Fund-** This 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 WELCOVE. As of August 1, 2014, WELCOV took over the operations of the three facilities:

Goshen County's Proprietary Funds consist of:

A. Evergreen Court

B. Goshen Care Center and Goshen Alzheimer Facility

These two entities are managed together within financial reports

County Commissioners' Overview

We are managing our budgets focusing on five primary objectives:

1. **Improve Cash Reserves** - Our defined goal has been to maintain as least three months' worth of operating expenses in cash reserves. These reserves are detailed below. Management will continue to evaluate and work to increase these reserves:

| Entity | Reserve Purpose | Percent of Goal | Designated Reserves as of 6/30/17 | Segregated Cash | Three Month Expense Goal |
|---|---|-----------------|-----------------------------------|-----------------|--------------------------|
| County General | Cash Flow Board Designated Reserve | 20% | \$400,000 | Yes | \$2,00,000 |
| Abandon Vehicles | Vehicle Removal | | \$1,224 | No | N/A |
| Detention | Facility Maintenance | | \$21,051 | Yes | N/A |
| CRF County Road | Road Projects & Maintenance | 100% + | \$1,489,239 | Yes | \$32,730 |
| County Fire Fund | Emergency Fire | | \$15,958 | No | N/A |
| Insurance Fund | Insurance Deductibles | | \$69,495 | No | N/A |
| Fair | \$30,000 Cash Flow Reserve Goal Established | 0% | \$0 | N/A | \$120,000 |
| Fair-Facility Reserve | Facility Maintenance | | \$203,344 | Yes | N/A |
| Library | Cash Flow | 100% + | \$70,755 | Yes | \$77,500 |
| Library | Deprecation Reserve | 100% + | \$43,732 | Yes | 40,000 |
| Weed & Pest | Operating Reserve Required by Statute | 8% | \$5,074 | Yes | \$60,000 |
| Leafy Spurge | Board Elected Reserve | 1% | \$582 | Yes | \$42,000 |
| Go Care Center/ Alzheimer's Unit/ Evergreen Court | N/A | | \$0 | No | \$0 |

2. **Maintain and improve the Health of our Fund Equity Balances including our Land, Improvements, Equipment and Vehicles.** The table below demonstrates the allocation of our net assets by fund. The Unassigned Spendable balance indicates the amount of working cash (over & above designated reserves) each entity controls at year end.

| Government Fund | Fund Balance | Net Capital Assets | Legally Restricted Funds | Management Restricted Funds | Unassigned Spendable Balance |
|------------------------|----------------------|----------------------|--------------------------|-----------------------------|------------------------------|
| General Fund | \$ 14,019,258 | \$ 11,147,490 | \$ 1,511,514 | \$ 885,453 | \$ 409,450 |
| Fair | \$ 2,870,226 | \$ 2,722,143 | \$ 203,344 | \$ 0 | \$ -55,260 |
| Library | \$ 323,836 | \$ 38,620 | \$ 0 | \$ 176,866 | \$ 108,350 |
| Weed & Pest | \$ 936,091 | \$ 180,988 | \$ 5,652 | \$ 0 | \$ 749,451 |
| Health Fund | \$ 9,250,659 | \$ 8,855,726 | \$ 0 | \$ 0 | \$ 261,976 |
| Total All Funds | \$ 27,400,070 | \$ 22,944,967 | \$ 1,720,510 | \$ 1,062,319 | \$ 1,443,967 |

Fund Balance Comparisons additional detail
Goshen County General Fund Five year Comparison using June 30th Balances

| Description | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|
| Fund Balance | \$ 14,019,258 | \$ 14,488,552 | \$ 14,401,878 | \$ 15,077,762 | \$ 13,304,096 |
| Capital Assets | \$ 11,147,490 | \$ 12,300,391 | \$ 12,162,841 | \$ 12,485,772 | \$ 11,874,573 |
| Balance Excluding Capital Assets | \$ 2,871,768 | \$ 2,188,161 | \$ 2,239,037 | \$ 2,591,990 | \$ 1,429,523 |
| Non Spendable- (Detailed below) | \$ 495,188 | \$ 550,753 | \$ 693,152 | \$ 685,500 | \$ 473,467 |
| Legally Restricted (Detailed below) | \$ 1,511,514 | \$ 1,107,293 | \$ 1,164,306 | \$ 1,117,423 | \$ 941,115 |
| Management Restricted (Includes Contingency) (Detailed below) | \$ 485,453 | \$ 335,404 | \$ 178,006 | \$ 281,917 | \$ 12,688 |
| Unassigned Spendable- | \$ 409,450 | \$ 194,710 | \$ 381,579 | \$ 789,067 | \$ 14,941 |
| 1 Yr. Change Unassigned spendable | \$ 364,740 | \$ 63,131 | \$ -407,488 | \$ 774,125 | \$ -1,222,772 |

The **County General Fund** balance decreased last year by \$86,673 after an operating gain of \$524,992 and \$692,314 being transferred out to fund the Fair & Library. Depreciation was recognized for \$797,110. The unassigned spendable balance is \$809,450 and includes a contingency reserve balance of \$400,000.

The following Table is a historical comparison of County General Funds Balances

| Description | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Non Spendable Detail | | | | | |
| Road & Bridge Inventory | \$ 218,479 | \$ 284,824 | \$ 395,007 | \$ 607,377 | \$ 360,114 |
| Other Cash Accounts | \$ 18,997 | \$ 23,485 | \$ 16,364 | \$ 20,297 | \$ 26,881 |
| Other Assets (Interest due, Taxes & A/R) | \$ 257,711 | \$ 242,444 | \$ 298,236 | \$ 57,826 | \$ 86,472 |
| Total Other Liquid Assets | \$ 495,188 | \$ 550,753 | \$ 709,608 | \$ 685,500 | \$ 473,467 |

Legally Restricted Cash Reserves

| | | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Abandoned Vehicles | \$ 1,224 | \$ 1,224 | \$ 1,224 | \$ 1,224 | \$ 1,224 |
| Detention Fund | \$ 21,051 | \$ 22,029 | \$ 27,874 | \$ 27,770 | \$ 112,286 |
| CRF Fund | \$ 1,489,239 | \$ 1,084,040 | \$ 1,135,208 | \$ 1,088,429 | \$ 827,605 |
| Total Legally Restricted | \$ 1,511,514 | \$ 1,107,293 | \$ 1,164,306 | \$ 1,117,423 | \$ 941,115 |

Management Restricted Cash Reserves

| | | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Fire Fund | \$ 15,958 | \$ 16,221 | \$ 13,892 | \$ 16,320 | \$ 12,688 |
| Insurance Fund | \$ 69,495 | \$ 69,183 | \$ 164,114 | \$ 265,597 | \$ - |
| Contingency Reserve | \$ 400,000 | \$ 250,000 | \$ - | \$ - | \$ - |
| Total Management Restricted | \$ 485,453 | \$ 335,404 | \$ 178,006 | \$ 281,917 | \$ 12,688 |

Special Revenue Fund balances were:

| Fund | 6/30/17 Balance | 6/30/16 Balance | 1 Year Change |
|-------------------------------|---------------------|---------------------|-------------------|
| Fair | \$ 2,870,226 | \$ 3,017,265 | \$ -147,039 |
| Library | \$ 317,866 | \$ 334,059 | \$ - 16,193 |
| Weed & Pest | \$ 975,325 | \$ 882,254 | \$ 93,071 |
| Special Revenue Totals | \$ 4,163,417 | \$ 4,233,578 | \$ -70,061 |

Health Fund balances were:

| Fund | 6/30/17 Balance | 6/30/16 Balance | 1 Year Change |
|-------------|-----------------|-----------------|---------------|
| Health Fund | \$ 9,250,659 | \$ 9,143,854 | \$ 106,805 |

3. Equipment Replacement and Building Repair Reserves and Capitalization Thresholds are continually addressed.

With approximately \$23 million of property, improvements, equipment and vehicles, the county is continually faced with replacement or major repair issues. It is our goal to establish the depreciable life of equipment, vehicles and building improvements. We encourage the governing boards and managers to establish annualized budgeted amounts to be either reserved for future capital assets or spent maintaining the quality and functionality of their capital assets.

Capitalization thresholds have been set at \$5,000 for equipment & vehicles with a \$50,000 annual threshold set for individual County Road improvement projects.

We will work to maintain the quality and functionality of our Land, Buildings, Improvements, Vehicles and Equipment. With the loss of the Consensus Block Grants from the State this will become even more difficult. We have calculated the expected life of our capital assets and measure the amount of real depreciation on an annual basis (Column B). 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 book depreciation by fund.

The table explains that the total government's net income after depreciation was a loss of \$27,997 after allowing \$1,459,472 for depreciation or replacement and improvement of assets.

| Government Fund Year end 6/30/2017 | A Net Surplus/Loss before Depreciation | B Depreciation | C Capital Expenditures | D Repair Expense | E Net Surplus/Loss After Depreciation |
|---------------------------------------|--|---------------------|------------------------------|------------------------|---|
| General Fund | \$ 683,202 | \$ 797,110 | \$ 188,953 | \$ 90,389 | \$ (113,908) |
| Fair | \$ (92,658) | \$ 412,319 | \$ 0 | \$ 14,111 | \$ (196,719) |
| Library | \$ (8,383) | \$ 1,241 | \$ 0 | \$ 0 | \$ (10,223) |
| Weed & Pest | \$ 124,649 | \$ 18,959 | \$ 176,017 | \$ 0 | \$ 105,690 |
| Health Fund | \$ 417,006 | \$ 229,843 | \$ 844,488 | \$ 0 | \$ 187,163 |
| Total All | \$ 1,123,816 | \$ 1,459,472 | \$ 1,209,458 | \$ 104,500 | \$ (27,997) |

4. **Focus on obtaining Grants:** 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 \$332,785 and total Grant Revenue of \$539,910.

| Grant Income by Department - 4 Year History | | | | |
|---|-------------------|-------------------|-------------------|---------------------|
| | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 |
| Commissioners | \$ 103,047 | \$ 236,614 | \$ 118,770 | \$ 696,362 |
| Sheriff | \$ 90,809 | \$ 207,383 | \$ 20,808 | \$ 87,932 |
| Clerk/Elections | \$ 88,771 | \$ 91,382 | \$ 51,275 | \$ 57,886 |
| Treasurer | \$ 0 | \$ 0 | \$ 32,862 | \$ 100,866 |
| Assessor | \$ 5,600 | \$ 0 | \$ 0 | \$ 0 |
| Coroner/ | \$ 0 | \$ 14,979 | \$ 17,500 | \$ 0 |
| Courthouse | \$ 21,905 | \$ 9,505 | \$ 9,615 | \$ 11,256 |
| Sheriff/Jail | \$ 1,175 | \$ 33,578 | \$ 11,338 | \$ 0 |
| Sheriff / Emergency Mgt. | \$ 29,219 | \$ 76,081 | \$ 32,450 | \$ 35,677 |
| Road & Bridge | \$ 16,541 | \$ 56,364 | \$ 20,307 | \$ 142,895 |
| Road Projects | \$ 0 | \$ 0 | \$ 0 | \$ 370,397 |
| Victims of Crime | \$ 56,202 | \$ 30,815 | \$ 30,788 | \$ 32,657 |
| Public Health | \$ 113,898 | \$ 22,673 | \$ 94,878 | \$ 105,826 |
| Information Technology | \$ 2,742 | \$ 70,589 | \$ 178,995 | \$ 12,773 |
| Fire Warden | \$ 10,000 | \$ 22,361 | \$ 1,783 | \$ 0 |
| TOTAL GRANT INCOME | \$ 539,910 | \$ 972,322 | \$ 621,369 | \$ 1,654,527 |

Grant Accounting: As grant funds are received, they are booked to a deferred revenue liability account. Each month as qualifying expenses are incurred, transfers from the deferred revenue account to grant income are made. Each year end the remaining account balance will be reserved for future expenses or will be returned to the originator as unused grant proceeds.