

TETON COUNTY, WYOMING



FINANCIAL STATEMENTS

June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Teton County
Jackson, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Teton County, Wyoming (the County) as of and for the year ended June 30, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Teton County Weed and Pest Control District (a discretely presented component unit), which represent 13 percent, 12 percent, and 19 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units of the County. We also did not audit the financial statements of Teton County Building Corporation (a blended component unit), which represent 0 percent, 0 percent, and 0 percent, respectively, of the assets, net position, and revenues of the primary government. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Teton County Weed and Pest Control District and Teton County Building Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Teton County, Wyoming as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of 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 and other auditors 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 opinions 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of financial position and schedule of activities and functional expenses of the Teton County Court Supervised Treatment Program are presented for purposes of additional analysis as required by the State of Wyoming Department of Health and are also not a required part of the 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, 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 14, 2018 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 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board of County Commissioners of Teton County, Wyoming (the County) offers this narrative overview and analysis of the financial activities of the County for the fiscal year ended on June 30, 2018.

This narrative responds to the requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. All comparisons and analyses should be read in conjunction with the details contained in the audited financial statements for this year and prior years.

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

FINANCIAL HIGHLIGHTS

- County assets and deferred outflows of resources of \$202.9 million exceeded liabilities and deferred inflows of resources of \$46.7 million, which resulted in total net position of \$156.2 million, the majority of which (67.3%) is the County's net investment in capital assets totaling \$104.6 million. *(See the Statement of Net Position in the Audited Financial Statements)*
- Total assets and deferred outflows of resources of the primary government increased approximately \$18.5 million from June 30, 2017 to June 30, 2018. Total assets and deferred outflows of resources increased primarily as a result of an increase in pooled cash and cash equivalents, an increase in amounts due from other governments, and net additions to capital assets, which increased by approximately \$7.0, \$2.5 million, and \$7.1 million, respectively, and an increase in deferred outflows of resources related to pensions of approximately \$2.5 million. Pooled cash and cash equivalents increased as a result of changes in net position from general operations due to a higher than expected sales and use tax increase of 10.5% and continued conservative utilization of budgeted amounts resulting in expenditures utilizing approximately 86% of the operational budget. Increases in amounts due from other governments are related to increases in special purpose taxes assessed and collected during the year. Major capital asset additions include the ongoing construction of the Cattleman's Bridge in the amount of \$3.4 million, Hoback Bridge in the amount of \$1.1 million, and the Transfer Station in the amount of \$1 million, all of which are classified as construction in process. The County has completed the Transfer Station Scale House project, which totaled \$2.3 million and the Mercill Daycare project, which totaled \$5.4 million. The County also made additional capital improvements and purchases including purchases of land, road and bridge infrastructure improvements, equipment for public safety departments, vehicle fleet additions, and pathway systems. Changes in deferred outflows of resources related to pensions are subject to changes in actuarial calculations and projects versus actual results.
- Total liabilities and deferred inflows increased \$1.1 million during 2018. An increase of \$1 million to the County's proportionate share of the net pension liability is the primary cause for the overall increase.
- Of the \$51.6 million in net position that is not invested in capital assets, \$17.7 million was unrestricted and \$33.9 million was restricted for future capital projects, infrastructure expenditures, public safety services and community development services. The current year increase in restricted

and unrestricted net position is primarily associated with the excess of revenues over expenses. (*See the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds in the Audited Financial Statements*)

- Total general fund revenues increased \$3.3 million or 9% over the prior year, from \$36.2 million in 2017 to \$39.4 million in 2018. Sales and use tax revenues increased \$2 million due to improvements in the local retail and tourism economy, and property taxes increased \$0.9 million as a result of increases in property values. All other general fund tax revenues were generally consistent with the prior year, reflecting an aggregate increase of \$0.4 million compared to 2017. The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of the assessed valuation to finance general governmental services (general government operations, and library, fair and special fire fund operations). The combined tax rate for the year ended June 30, 2018, remained consistent with the prior year at 9.154 mills, leaving a tax margin of 2.846 mills or \$4.3 million that was not assessed on the total assessed valuation of \$1.45 billion.
- Total general fund expenditures increased \$1.8 million between 2018 and 2017 due mostly to increases in debt service costs of \$1.4 million. Other general fund functional expenditures remained fairly consistent with prior year levels. For the year ended June 30, 2018, revenues exceeded expenditures by \$11.5 million.
- After net interfund transfers out of \$7 million, the general fund's total fund balance increased by \$4.4 million in 2018. Transfers out were made up of budgeted, normal operating transfers to special revenue funds and the capital projects fund. Please note that the general fund revenues and expenditures do not include the activities of special revenue funds, which are described in the governmental funds discussion. (*See the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds in the Audited Financial Statements*)

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Teton County's basic financial statements. These statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows, with the resulting difference between the assets plus deferred outflows less liabilities plus deferred inflows being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the County is improving or deteriorating. However, other non-financial factors should also be considered.

The *Statement of Activities* presents information showing how the County's net position changed during the 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, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both the Statement of Net Position and the Statement of Activities, which together comprise the government-wide financial statements, distinguish between activities that are principally supported by

taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Financial information for the discretely presented component units is reported separately from the financial information of the primary government. The County's *discretely presented component units* include the following:

- Teton County Weed and Pest Control District
- Teton County Library Board
- Teton County Housing Authority
- Jackson/Teton County Regional Housing Authority
- Jackson Hole Travel and Tourism Board

Fund financial statements group those accounts for which revenues are segregated for specific activities. 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 and several special revenue funds and capital projects funds.

The County's *special revenue funds* include the following:

- Parks and Recreation
- Specific Tax
- Grants
- Special Fire
- Fire/EMS
- Enhanced 911
- Housing Authority
- Roads
- Lodging Tax
- County Fair

The County's *capital projects funds* include the following:

- Capital Projects (general projects)
- 2010 Pathways Specific Tax
- 2010 Wilson Bridge Specific Tax
- 2010 Parks & Recreation Specific Tax
- 2012 Landfill Closure Specific Tax
- 2014 Pathways Specific Tax
- 2014 Fire/EMS Specific Tax
- 2017 Pathways Specific Tax
- 2017 Fire/EMS Specific Tax
- 2017 Parks & Recreation Repair Specific Tax
- 2017 Parks & Recreation Housing Specific Tax

The General Fund is always classified as a major fund. The size of the Parks and Recreation Special Revenue Fund, the Specific Tax Special Revenue Fund, the Capital Projects Fund, and the 2012 Landfill Closure Specific Tax Fund meet the threshold for classification as major funds and therefore these funds along with the General Fund are listed separately in the Statement of Revenues, Expenditures and

Changes in Fund Balances. All other special revenue funds and capital projects funds have been included in the aggregated non-major fund totals.

These *governmental funds* account for functions reported as governmental activities and focus on near-term sources and uses of money, as well as the balance available at the end of the fiscal year. These reports are useful in evaluating Teton County's near-term financial requirements and include the governmental funds *balance sheet* and the governmental funds *statement of revenues, expenditures, and changes in fund balances*. These reports provide information on how services are financed in the short term and what remains for future spending. Sources and uses of money are discussed in the Financial Analysis portion of this discussion.

There are currently no *internal service funds*; however, the County has participated in tracking performance measures to determine cost-allocations for parks maintenance, facilities maintenance, and information systems services.

The County uses proprietary funds to account for business-type activities. The County has created the Integrated Solid Waste and Recycling Fund to account for the recycling center and trash transfer station operations. The operations of the Teton County Building Corporation are also reported as a business-type activity and included as a proprietary fund. Proprietary funds are reported using the same accounting basis used in the government-wide financial statements.

The County also operates a *fiduciary fund*, which is used to account for assets held strictly in a custodial manner for the benefit of other entities. The County's fiduciary fund is presented as a separate report in the financial statements because the assets are not available to support the County's programs. The County's fiduciary fund is the Treasurer's Tax Agency Fund.

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 descriptions 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.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

- A summary of changes to capital assets is contained within Note 3 of the Notes to the Financial Statements.
- A summary of changes to long-term liabilities is contained within Note 6 of the Notes to the Financial Statements. All outstanding lease revenue bonds held by the County were paid in full in 2018. The County's liability associated with the estimated closure costs related to the County's landfill is approximately \$6.8 million. The liability decreased \$3.2 million due to closure activities.
- Other long-term liabilities include employee compensated absences, notes payable, and the County's proportionate share of the net pension liability, which is discussed in Note 7 of the Notes to the Financial Statements, which bring the total long-term liabilities to \$21.5 million.

FINANCIAL ANALYSIS

As previously noted, *net position* serves as a useful indicator of Teton County's financial condition. Total primary government assets and deferred outflows exceeded total primary government liabilities and deferred inflows by approximately \$156.2 million, the majority of which is reflected in the net investment in capital assets totaling \$104.6 million. (See also the *Statement of Net Position in the Audited Financial Statements*)

The table below summarizes the County's assets, liabilities, deferred inflows and net position as of June 30, 2018 and 2017:

SUMMARY SCHEDULE OF NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 86,920,567	76,834,601	2,694,783	3,802,198	89,615,350	80,636,799
Capital assets	99,335,635	95,083,196	5,262,774	2,467,029	104,598,409	97,550,225
Total assets	<u>186,256,202</u>	<u>171,917,797</u>	<u>7,957,557</u>	<u>6,269,227</u>	<u>194,213,759</u>	<u>178,187,024</u>
Deferred outflows of resources	8,443,107	6,013,325	253,908	174,065	8,697,015	6,187,390
Current liabilities	9,629,755	7,925,279	459,238	400,200	10,088,993	8,325,479
Non-current liabilities	20,766,037	26,271,687	710,463	642,205	21,476,500	26,913,892
Total liabilities	<u>30,395,792</u>	<u>34,196,966</u>	<u>1,169,701</u>	<u>1,042,405</u>	<u>31,565,493</u>	<u>35,239,371</u>
Deferred inflows of resources	14,960,707	10,348,464	139,078	3,089	15,099,785	10,351,553
Net investment in capital assets	99,335,635	92,984,702	5,262,774	2,467,029	104,598,409	95,451,731
Restricted	33,899,486	30,824,320	-	-	33,899,486	30,824,320
Unrestricted	<u>16,107,689</u>	<u>9,576,670</u>	<u>1,639,912</u>	<u>2,930,769</u>	<u>17,747,601</u>	<u>12,507,439</u>
Total net position	<u>\$ 149,342,810</u>	<u>133,385,692</u>	<u>6,902,686</u>	<u>5,397,798</u>	<u>156,245,496</u>	<u>138,783,490</u>

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. This portion of net position is reported net of related debt, and therefore resources needed to repay this debt are provided from other sources, not the capital assets themselves.

Activities in the tables that follow summarize the sources and uses of funds for all operations of the County. The audited financial statements provide details related to the revenues and expenditures summarized below. Please also refer to the previously described highlights that discuss changes in activities from the prior fiscal year to current fiscal year.

TETON COUNTY, WYOMING
Management's Discussion and Analysis
Year Ended June 30, 2018

SUMMARY SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 12,664,930	13,501,318	5,350,836	5,148,641	18,015,766	18,649,959
Operating grants and contributions	1,313,285	2,799,926	129,657	102,561	1,442,942	2,902,487
Capital grants and contributions	10,010,471	4,133,538	-	-	10,010,471	4,133,538
General revenues:						
Taxes	45,377,586	43,795,229	-	-	45,377,586	43,795,229
Investment income	384,758	191,282	30,453	22,229	415,211	213,511
Other income (loss)	21,905	(136,034)	(100,781)	(31,160)	(78,876)	(167,194)
Total revenues	<u>69,772,935</u>	<u>64,285,259</u>	<u>5,410,165</u>	<u>5,242,271</u>	<u>75,183,100</u>	<u>69,527,530</u>
Expenses:						
Administration	14,409,641	18,593,813	-	-	14,409,641	18,593,813
Community development	3,923,366	3,843,777	-	-	3,923,366	3,843,777
Health and human services	3,451,683	3,502,190	-	-	3,451,683	3,502,190
Justice	2,186,410	1,085,159	-	-	2,186,410	1,085,159
Infrastructure	7,617,676	8,150,444	-	-	7,617,676	8,150,444
Parks and recreation	8,227,709	7,631,223	-	-	8,227,709	7,631,223
Public safety	12,591,983	13,669,675	-	-	12,591,983	13,669,675
Interest and fiscal charges	34,018	58,404	-	-	34,018	58,404
Solid waste and recycling	-	-	5,254,733	4,720,180	5,254,733	4,720,180
Building Corporation	-	-	23,875	35,011	23,875	35,011
Total expenses	<u>52,442,486</u>	<u>56,534,685</u>	<u>5,278,608</u>	<u>4,755,191</u>	<u>57,721,094</u>	<u>61,289,876</u>
Change in net position before transfers	17,330,449	7,750,574	131,557	487,080	17,462,006	8,237,654
Transfers in (out)	(1,373,331)	(54,434)	1,373,331	54,434	-	-
Change in net position	15,957,118	7,696,140	1,504,888	541,514	17,462,006	8,237,654
Net position - beginning	<u>133,385,692</u>	<u>125,689,552</u>	<u>5,397,798</u>	<u>4,856,284</u>	<u>138,783,490</u>	<u>130,545,836</u>
Net position - ending	<u>\$ 149,342,810</u>	<u>133,385,692</u>	<u>6,902,686</u>	<u>5,397,798</u>	<u>156,245,496</u>	<u>138,783,490</u>

GENERAL FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	2018 Final Budget	2018 Actual	Variance	Variance as a % of Budget
Revenues	\$ 37,079,741	\$ 39,491,114	2,411,373	6.5%
Expenditures	<u>32,803,680</u>	<u>28,063,276</u>	<u>4,740,404</u>	14.5%
Excess of revenues over expenditures	4,276,061	11,427,838	7,151,777	
Transfers from other funds	1,670,188	1,555,152	(115,036)	
Transfers to other funds	<u>(8,604,966)</u>	<u>(8,570,976)</u>	<u>33,990</u>	
Change in fund balance	<u>\$ (2,658,717)</u>	4,412,014	<u>\$ 7,070,731</u>	
Fund balance – beginning		<u>\$ 21,757,562</u>		
Fund balance – ending		<u>\$ 26,169,576</u>		

The Board of County Commissioners must weigh the adequacy of the County's reserves with whether excess fund balance should be invested in infrastructure, returned to the taxpayers through a decrease to the mill levy, or retained as reserves. The County has implemented three separate fund balance reserve policies: Operation Stabilization Reserve Policy, Special Revenue Fund Balance Policy, and Emergency Reserve/Capital Projects Fund Policy. The policies set minimum fund balance standards based upon governmental best practices and proper operating and emergency reserve balances to be reviewed annually (*see also Note 9 in the Notes to the Financial Statements for further discussion*).

GENERAL FUND BUDGETARY HIGHLIGHTS

Sales and use tax revenue exceeded budgeted revenues by \$1.5 million. Budget to actual variances in the sales and use tax revenue were a result of better than expected improvements in the local retail and tourism economy. Based on the uncertainty in local and national economic conditions, conservative projections were used to establish the sales and use tax revenue budget for the year. The budget projection for 2018 expected a 4% increase compared to the prior year actual figures, but the actual sales and use tax revenue increased 10.5% compared to the prior year.

Administration expenditures were \$3.3 million below budget, mostly due to the County including approximately \$2.4 million in the budget for unexpected expenditures and contingencies that was not required to be utilized in 2018 and lower than expected salary and benefit costs due to vacant positions. The County also had lower than expected health insurance costs.

Public safety expenditures were \$0.7 million below budget, due to lower than expected salaries and benefits costs for sheriff operations.

The Teton County budget process begins midway through the current fiscal year to coincide with the Town of Jackson (TOJ) budget timeline in order to accommodate the joint department budget schedules. Because of this accelerated timeline, budgets do not reflect unanticipated grant and sales tax revenues and associated expenditures, which therefore require budget amendments.

JOINT DEPARTMENT DISCUSSION

Several departments, called Joint Departments, provide services that are considered the County and TOJ operations. The County and TOJ split certain expenses based on the 2010 population census as determined by the State of Wyoming. For fiscal year 2018, the population split is 55% County and 45% TOJ. The County and TOJ hold Joint Information Meetings at least monthly to discuss matters related to the Joint Departments and have special meetings as needed. The Joint Departments are part of the normal budget process and both the County Commission and Town Council jointly approve the department's budget. The Joint Departments are:

- Special Fire
- Fire/EMS
- Parks and Recreation
- Housing Authority
- START
- Dispatch
- Pathways
- Victim Witness Services
- Animal Shelter
- Court Supervised Treatment Program

CONTACT INFORMATION

This discussion is designed to provide a general overview of Teton County's finances for citizens, taxpayers, customers, investors, creditors, and anyone else with an interest in governmental finance. Questions concerning the information provided in this discussion or requests for additional financial information should be addressed to the Board of County Commissioners, P.O. Box 3594, Jackson, WY 83001, by calling 307-733-8094, or by e-mailing: commissioners@tetonwyo.org.

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Basic Financial Statements

TETON COUNTY
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Pooled cash and cash equivalents	\$ 67,881,613	2,267,415	70,149,028	-
Cash and cash equivalents	304,979	-	304,979	5,486,654
Accounts receivable	280,103	388,319	668,422	65,565
Taxes receivable	10,989,720	-	10,989,720	3,231,436
Other receivables	624	-	624	-
Due from other governments	7,319,052	39,049	7,358,101	894,885
Deposits	-	-	-	32,091
Prepaid expenses	42,976	-	42,976	31,500
Inventory	-	-	-	186,141
Other assets	101,500	-	101,500	-
Capital assets	161,610,044	6,350,184	167,960,228	27,240,986
Accumulated depreciation	(62,274,409)	(1,087,410)	(63,361,819)	(3,721,657)
Total assets	186,256,202	7,957,557	194,213,759	33,447,601
Deferred outflows of resources:				
Pensions	8,443,107	253,908	8,697,015	962,669
Total deferred outflows of resources	8,443,107	253,908	8,697,015	962,669
Liabilities:				
Accounts payable and accrued liabilities	3,971,627	401,238	4,372,865	950,417
Unearned revenue	54,605	30,000	84,605	-
Funds held in trust	1,684,523	-	1,684,523	-
Long-term liabilities:				
Due within one year	3,919,000	28,000	3,947,000	329,515
Due in more than one year	4,135,828	8,597	4,144,425	3,576,216
Net pension liability	16,630,209	701,866	17,332,075	3,017,794
Total liabilities	30,395,792	1,169,701	31,565,493	7,873,942
Deferred inflows of resources:				
Revenues for future periods	11,036,682	-	11,036,682	3,043,000
Pensions	3,924,025	139,078	4,063,103	515,267
Total deferred inflows of resources	14,960,707	139,078	15,099,785	3,558,267
Net position:				
Net investment in capital assets	99,335,635	5,262,774	104,598,409	19,714,577
Restricted for capital projects	28,198,766	-	28,198,766	25,215
Restricted for infrastructure	2,077,229	-	2,077,229	-
Restricted for public safety	2,939,487	-	2,939,487	-
Restricted for community development	650,142	-	650,142	-
Restricted for other purposes	33,862	-	33,862	-
Unrestricted	16,107,689	1,639,912	17,747,601	3,238,269
Total net position	\$ 149,342,810	6,902,686	156,245,496	22,978,061

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

TETON COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities		Total
Primary government:								
Governmental activities								
Administration	\$ 14,409,641	567,984	3,880	7,396,406	(6,441,371)	-	(6,441,371)	-
Community development	3,923,366	4,136,100	250,256	-	462,990	-	462,990	-
Health and human services	3,451,683	412,363	415,825	-	(2,623,495)	-	(2,623,495)	-
Justice	2,186,410	328,763	66,595	-	(1,791,052)	-	(1,791,052)	-
Infrastructure	7,617,676	156,266	85,965	2,589,065	(4,786,380)	-	(4,786,380)	-
Parks and recreation	8,227,709	3,996,101	70,966	25,000	(4,135,642)	-	(4,135,642)	-
Public safety	12,591,983	3,067,353	419,798	-	(9,104,832)	-	(9,104,832)	-
Debt service: interest and fiscal charge:	34,018	-	-	-	(34,018)	-	(34,018)	-
Total governmental activities	52,442,486	12,664,930	1,313,285	10,010,471	(28,453,800)	-	(28,453,800)	-
Business-type activities								
Integrated solid waste and recycling	5,254,733	5,350,836	129,657	-	-	225,760	225,760	-
Teton County Building Corporation	23,875	-	-	-	-	(23,875)	(23,875)	-
Total business-type activities	5,278,608	5,350,836	129,657	-	-	201,885	201,885	-
Total primary government	\$ 57,721,094	18,015,766	1,442,942	10,010,471	(28,453,800)	201,885	(28,251,915)	-
Component units:								
Teton County Library	\$ 3,793,809	50,589	67,502	-	-	-	-	(3,675,718)
Teton County Weed and Pest Control	1,785,377	270,073	90,466	-	-	-	-	(1,424,838)
Jackson Teton County Regional Housing Authority	1,483,998	724,369	-	-	-	-	-	(759,629)
Jackson Hole Travel and Tourism Board	4,177,790	-	-	-	-	-	-	(4,177,790)
Total component units	\$ 11,240,974	1,045,031	157,968	-	-	-	-	(10,037,975)
General revenues:								
Sales and use taxes					\$ 27,782,668	-	27,782,668	4,553,256
Property taxes					13,456,600	-	13,456,600	4,954,890
Other taxes					4,138,318	-	4,138,318	-
Investment income					384,758	30,453	415,211	30,736
Loss on disposal of assets					(177,463)	(105,894)	(283,357)	-
Miscellaneous					199,368	5,113	204,481	43,249
Transfer of assets					(2,343,620)	2,343,620	-	-
Transfers					970,289	(970,289)	-	-
Total general revenues					44,410,918	1,303,003	45,713,921	9,582,131
Change in net position					15,957,118	1,504,888	17,462,006	(455,844)
Net position—beginning					133,385,692	5,397,798	138,783,490	23,433,905
Net position—ending					\$ 149,342,810	6,902,686	156,245,496	22,978,061

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

TETON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Parks and Recreation Special Revenue	Specific Tax Fund	Capital Projects	2012 Landfill Closure Specific Tax Fund	Non-major Funds	Total Governmental Funds
Assets:							
Pooled cash and cash equivalents	\$ 24,381,452	816,776	-	14,551,747	10,229,003	17,902,635	67,881,613
Cash and cash equivalents	298,579	1,400	-	-	-	5,000	304,979
Interfund receivable - pooled cash	245,914	-	-	-	-	-	245,914
Accounts receivable	22,568	25,669	-	-	-	231,866	280,103
Taxes receivable	9,522,650	-	-	-	-	1,467,070	10,989,720
Other receivables	624	-	-	-	-	-	624
Due from other governments	3,856,166	39,197	1,722,114	-	-	1,701,575	7,319,052
Due from other funds	-	-	-	-	-	1,297,968	1,297,968
Prepaid expenses	-	-	-	-	-	42,976	42,976
Other assets	101,500	-	-	-	-	-	101,500
Total assets	38,429,453	883,042	1,722,114	14,551,747	10,229,003	22,649,090	88,464,449
Liabilities:							
Interfund payable - pooled cash	-	-	-	-	-	245,914	245,914
Accounts payable and accrued liabilities	998,079	252,528	1,722,114	255,452	93,714	649,740	3,971,627
Due to other funds	-	-	-	-	-	1,297,968	1,297,968
Unearned revenue	-	-	-	-	-	54,605	54,605
Funds held in trust	1,684,523	-	-	-	-	-	1,684,523
Total liabilities	2,682,602	252,528	1,722,114	255,452	93,714	2,248,227	7,254,637
Deferred inflows of resources:							
Revenues for future periods	9,577,275	-	-	-	-	1,459,407	11,036,682
Total deferred inflows of resources	9,577,275	-	-	-	-	1,459,407	11,036,682
Fund balances:							
Nonspendable:							
Prepaid expenses	-	-	-	-	-	42,976	42,976
Restricted for:							
Capital projects	5,478,987	-	-	-	10,135,289	12,584,490	28,198,766
Infrastructure	-	-	-	-	-	2,077,229	2,077,229
Public safety	-	-	-	-	-	2,939,487	2,939,487
Community development	-	-	-	-	-	650,142	650,142
Other purposes	25,346	-	-	-	-	8,516	33,862
Committed for:							
Capital projects	-	-	-	14,296,295	-	-	14,296,295
Operations stabilization	7,098,383	-	-	-	-	-	7,098,383
Public safety	-	-	-	-	-	1,029,898	1,029,898
Parks and recreation	-	630,514	-	-	-	906,686	1,537,200
Unassigned	13,566,860	-	-	-	-	(1,297,968)	12,268,892
Total fund balances	26,169,576	630,514	-	14,296,295	10,135,289	18,941,456	70,173,130
Total liabilities, deferred inflows of resources and fund balances	\$ 38,429,453	883,042	1,722,114	14,551,747	10,229,003	22,649,090	88,464,449

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

TETON COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances of governmental funds \$ 70,173,130

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

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

Net pension liability	(16,630,209)	
Deferred outflow of resources - pensions	8,443,107	
Deferred inflow of resources - pensions	<u>(3,924,025)</u>	
		(12,111,127)

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

Capital assets	161,610,044	
Accumulated depreciation	<u>(62,274,409)</u>	
		99,335,635

Long-term liabilities, as well as accrued interest are not due and payable in the current period and are therefore not reported in the

Long-term liabilities, due within one year	(3,919,000)	
Long-term liabilities, due in more than one year	<u>(4,135,828)</u>	
		<u>(8,054,828)</u>

Net position of governmental activities \$ 149,342,810

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

TETON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Parks and Recreation Special Revenue	Specific Tax Fund	Capital Projects	2012 Landfill Closure Specific Tax Fund	Non-major Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 33,123,939	-	5,542,114	-	-	6,711,533	45,377,586
Intergovernmental	424,084	25,000	-	-	-	3,307,185	3,756,269
Charges for services	2,036,851	3,222,286	-	-	-	3,909,011	9,168,148
Licenses and permits	3,216,957	279,825	-	-	-	-	3,496,782
Contributions	-	44,176	-	-	-	210,889	255,065
Miscellaneous	689,283	31,279	-	82,483	57,343	139,748	1,000,136
Total revenues	39,491,114	3,602,566	5,542,114	82,483	57,343	14,278,366	63,053,986
Expenditures:							
Administration	7,710,491	-	5,542,114	465,279	-	20,962	13,738,846
Community development	3,112,881	-	-	93,113	-	582,890	3,788,884
Health and human services	3,091,064	-	-	32,904	-	151,487	3,275,455
Justice	1,882,832	-	-	-	-	-	1,882,832
Infrastructure	2,759,459	-	-	1,622,524	1,685,525	4,448,537	10,516,045
Parks and recreation	-	5,829,518	-	-	-	1,764,776	7,594,294
Public safety	7,356,166	-	-	398,767	-	4,836,405	12,591,338
Debt service:							
Principal	2,105,995	-	-	-	-	-	2,105,995
Interest and fiscal charges	44,388	-	-	-	-	-	44,388
Total expenditures	28,063,276	5,829,518	5,542,114	2,612,587	1,685,525	11,805,057	55,538,077
Excess (deficiency) of revenues over expenditures	11,427,838	(2,226,952)	-	(2,530,104)	(1,628,182)	2,473,309	7,515,909
Other financing sources (uses):							
Transfers in (out)	(7,015,824)	1,969,140	-	3,834,027	-	2,182,946	970,289
Total other financing sources (uses)	(7,015,824)	1,969,140	-	3,834,027	-	2,182,946	970,289
Change in fund balance	4,412,014	(257,812)	-	1,303,923	(1,628,182)	4,656,255	8,486,198
Fund balance - July 1	21,757,562	888,326	-	12,992,372	11,763,471	14,285,201	61,686,932
Fund balance - June 30	\$ 26,169,576	630,514	-	14,296,295	10,135,289	18,941,456	70,173,130

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

TETON 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, 2018

Net change in fund balances - governmental funds \$ 8,486,198

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	4,936,146	
Depreciation expense	<u>(5,059,036)</u>	(122,890)

Governmental funds do not report the contribution of capital assets from third parties. However, the Statement of Activities reports these third party contributions as capital grants and contributions. 7,312,422

The net effect of various miscellaneous transactions involving capital assets (i.e., sales of capital assets) is to decrease net position. (2,937,093)

The net effect of transactions involving net pension asset and liability, deferred inflows of resources and deferred outflows of resources related to pensions, and pension expense is to decrease net position.

Change in deferred outflow of resources related to pensions	2,429,782	
Change in deferred inflow of resources related to pensions	(3,709,146)	
Change in net pension liability	<u>(973,455)</u>	(2,252,819)

Debt issuances provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position. Repayments of debt principal are expenditures in governmental funds, but decrease long-term liabilities in the Statement of Net Position. Changes in other long-term liabilities do not require current financial resources, and are excluded from the funds.

Reductions of principal on long-term liabilities	2,250,545	
Change in accrued interest payable	24,194	
Change in landfill closure liability	3,205,187	
Change in compensated absences liability	<u>(8,626)</u>	<u>5,471,300</u>

Change in net position of governmental activities \$ 15,957,118

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

TETON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Integrated Solid Waste and Recycling Fund	Teton County Building Corporation	Total Proprietary Funds
Assets:			
Current assets:			
Pooled cash and cash equivalents	\$ 2,267,415	-	2,267,415
Accounts receivable	388,319	-	388,319
Due from other governments	39,049	-	39,049
Total current assets	2,694,783	-	2,694,783
Non-current assets:			
Capital assets	6,350,184	-	6,350,184
Accumulated depreciation	(1,087,410)	-	(1,087,410)
Total non-current assets	5,262,774	-	5,262,774
Total assets	7,957,557	-	7,957,557
Deferred outflows of resources			
Pensions	253,908	-	253,908
Total deferred outflows of resources	253,908	-	253,908
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	401,238	-	401,238
Unearned revenues	30,000	-	30,000
Long-term liabilities, due within one year	28,000	-	28,000
Total current liabilities	459,238	-	459,238
Long-term liabilities, due in more than one year	8,597	-	8,597
Net pension liability	701,866	-	701,866
Total non-current liabilities	710,463	-	710,463
Total liabilities	1,169,701	-	1,169,701
Deferred inflows of resources			
Pensions	139,078	-	139,078
Total deferred inflows of resources	139,078	-	139,078
Net position:			
Net investment in capital assets	5,262,774	-	5,262,774
Unrestricted	1,639,912	-	1,639,912
Total net position	\$ 6,902,686	-	6,902,686

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

TETON COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Integrated Solid Waste and Recycling Fund	Teton County Building Corporation	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 4,789,685	-	4,789,685
Materials sales	561,151	-	561,151
Miscellaneous	5,113	-	5,113
Total operating revenues	<u>5,355,949</u>	<u>-</u>	<u>5,355,949</u>
Operating expenses:			
Salaries and benefits	1,165,911	-	1,165,911
Current expenses	3,904,024	23,875	3,927,899
Depreciation	184,798	-	184,798
Total operating expenses	<u>5,254,733</u>	<u>23,875</u>	<u>5,278,608</u>
Operating income (loss)	<u>101,216</u>	<u>(23,875)</u>	<u>77,341</u>
Non-operating income (loss):			
Grants and contributions	129,657	-	129,657
Investment income	24,755	5,698	30,453
Loss on disposal of assets	(105,894)	-	(105,894)
Total non-operating income	<u>48,518</u>	<u>5,698</u>	<u>54,216</u>
Income (loss) before transfers	149,734	(18,177)	131,557
Transfer of assets from governmental activities	2,343,620	-	2,343,620
Transfers out	-	(970,289)	(970,289)
Change in net position	2,493,354	(988,466)	1,504,888
Net position - beginning	<u>4,409,332</u>	<u>988,466</u>	<u>5,397,798</u>
Net position - ending	<u>\$ 6,902,686</u>	<u>-</u>	<u>6,902,686</u>

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

TETON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,413,292	-	5,413,292
Payments to suppliers	(3,851,520)	(16,149)	(3,867,669)
Payments to employees	(1,034,973)	-	(1,034,973)
Net cash provided by (used in) operating activities	<u>526,799</u>	<u>(16,149)</u>	<u>510,650</u>
Cash flows from non-capital financing activities:			
Transfers to other funds	-	(970,289)	(970,289)
Receipts from operating grants and contributions	109,045	-	109,045
Net cash provided by (used in) non-capital financing activities	<u>109,045</u>	<u>(970,289)</u>	<u>(861,244)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(742,817)	-	(742,817)
Net cash used in capital and related financing activities	<u>(742,817)</u>	<u>-</u>	<u>(742,817)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	-	493,589	493,589
Interest income received	24,755	5,698	30,453
Net cash provided by investing activities	<u>24,755</u>	<u>499,287</u>	<u>524,042</u>
Net decrease in cash and cash equivalents	(82,218)	(487,151)	(569,369)
Cash and cash equivalents - beginning	<u>2,349,633</u>	<u>487,151</u>	<u>2,836,784</u>
Cash and cash equivalents - ending	<u>\$ 2,267,415</u>	<u>-</u>	<u>2,267,415</u>

(continued)

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

(continued)

TETON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Integrated Solid Waste and Recycling Fund</u>	<u>Teton County Building Corporation</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ <u>101,216</u>	<u>(23,875)</u>	<u>77,341</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	184,798	-	184,798
Non-cash compensation	2,689	-	2,689
Pension accrual	124,715	-	124,715
Net change in assets and liabilities:			
Accounts receivable	57,343	-	57,343
Prepaid expenses	-	7,726	7,726
Accounts payable and accrued liabilities	<u>56,038</u>	<u>-</u>	<u>56,038</u>
Total adjustments	<u>425,583</u>	<u>7,726</u>	<u>433,309</u>
Net cash provided by (used in) operating activities	\$ <u><u>526,799</u></u>	<u><u>(16,149)</u></u>	<u><u>510,650</u></u>
Non-cash capital and related financing activities:			
Total acquisition and construction of capital assets	\$ (3,086,437)	-	(3,086,437)
Less contributions of capital assets	<u>2,343,620</u>	<u>-</u>	<u>2,343,620</u>
Cash paid for acquisition and construction of capital assets	\$ <u><u>(742,817)</u></u>	<u><u>-</u></u>	<u><u>(742,817)</u></u>

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Treasurer's Tax Agency Fund</u>
Assets:	
Pooled cash and cash equivalents	\$ 2,408,375
Cash and cash equivalents	<u>3,395,619</u>
Total assets	<u><u>5,803,994</u></u>
Liabilities:	
Due to other taxing units	<u>5,803,994</u>
Total liabilities	<u><u>\$ 5,803,994</u></u>

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

TETON COUNTY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2018

	Teton County Library	Teton County Weed and Pest Control	Jackson Teton County Regional Housing Authority	Jackson Hole Travel and Tourism Board	Total
Assets:					
Cash and cash equivalents	\$ 2,516,401	434,255	240,753	2,295,245	5,486,654
Accounts receivable	-	49,243	16,322	-	65,565
Taxes receivable	3,221,238	10,198	-	-	3,231,436
Due from other governments	6,696	35,766	-	852,423	894,885
Deposits	32,091	-	-	-	32,091
Prepaid expenses	3,000	9,220	-	19,280	31,500
Inventory	1,287	184,854	-	-	186,141
Capital assets	2,040,156	5,683,817	19,517,013	-	27,240,986
Accumulated depreciation	(1,177,307)	(1,923,115)	(621,235)	-	(3,721,657)
Total assets	6,643,562	4,484,238	19,152,853	3,166,948	33,447,601
Deferred outflows of resources:					
Pensions	803,591	159,078	-	-	962,669
Total deferred outflows of resources	803,591	159,078	-	-	962,669
Liabilities:					
Accounts payable and accrued liabilities	117,909	37,655	52,279	742,574	950,417
Long-term liabilities:					
Due within one year	57,063	155,452	117,000	-	329,515
Due in more than one year	-	960,141	2,616,075	-	3,576,216
Net pension liability	2,359,876	657,918	-	-	3,017,794
Total liabilities	2,534,848	1,811,166	2,785,354	742,574	7,873,942
Deferred inflows of resources:					
Revenues for future periods	3,043,000	-	-	-	3,043,000
Pensions	467,620	47,647	-	-	515,267
Total deferred inflows of resources	3,510,620	47,647	-	-	3,558,267
Net position:					
Net investment in capital assets	862,849	2,689,025	16,162,703	-	19,714,577
Restricted for capital projects	25,215	-	-	-	25,215
Unrestricted	513,621	95,478	204,796	2,424,374	3,238,269
Total net position	\$ 1,401,685	2,784,503	16,367,499	2,424,374	22,978,061

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

TETON COUNTY
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended June 30, 2018

	<u>Teton County Library</u>	<u>Teton County Weed and Pest Control</u>	<u>Jackson Teton County Regional Housing Authority</u>	<u>Jackson Hole Travel and Tourism Board</u>	<u>Total</u>
Expenses	\$ 3,793,809	1,785,377	1,483,998	4,177,790	11,240,974
Program revenues:					
Charges for services	50,589	270,073	724,369	-	1,045,031
Operating grants and contributions	<u>67,502</u>	<u>90,466</u>	<u>-</u>	<u>-</u>	<u>157,968</u>
Total program revenues	<u>118,091</u>	<u>360,539</u>	<u>724,369</u>	<u>-</u>	<u>1,202,999</u>
Net expenses	<u>(3,675,718)</u>	<u>(1,424,838)</u>	<u>(759,629)</u>	<u>(4,177,790)</u>	<u>(10,037,975)</u>
General revenues:					
Sales and use taxes	85	-	-	4,553,171	4,553,256
Property taxes	3,345,056	1,609,834	-	-	4,954,890
Interest and investment income	10,546	468	15,682	4,040	30,736
Miscellaneous	<u>697</u>	<u>42,032</u>	<u>520</u>	<u>-</u>	<u>43,249</u>
Total general revenues	3,356,384	1,652,334	16,202	4,557,211	9,582,131
Change in net position	(319,334)	227,496	(743,427)	379,421	(455,844)
Net position – beginning	<u>1,721,019</u>	<u>2,557,007</u>	<u>17,110,926</u>	<u>2,044,953</u>	<u>23,433,905</u>
Net position – ending	<u>\$ 1,401,685</u>	<u>2,784,503</u>	<u>16,367,499</u>	<u>2,424,374</u>	<u>22,978,061</u>

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

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The financial statements of Teton 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 five 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, judicial and general administrative services. As required by generally accepted accounting principles, these financial statements present the County and its component units.

As required by GAAP, the County evaluates whether separate legal entities are controlled by or dependent on the County. The evaluation of control or dependence is based on several factors including the appointment of the respective governing board, ability of the County to impose its will on the separate legal entity and whether a financial benefit or burden relationship exists.

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. Discretely presented component units, conversely, are reported in a separate column in the financial statements to emphasize that they are legally separate from the County. Each of the County's blended component units and discretely presented component units has a June 30 fiscal year-end.

Blended Component Units

The Jackson / Teton County Public Facilities Joint Powers Board (the JPB) serves all citizens of the County and is governed by a board comprised of three County Commissioners and three members appointed by the Town of Jackson. The JPB was established to provide an efficient, orderly and economically feasible method of jointly financing the acquisition, construction, and renovation of various projects, all of which will enhance the general civic welfare of the County and Town and their residents and will be of service to and be for the benefit of the County and Town and their residents. To date, the only involvement of the Town of Jackson has been to establish the JPB. Consequently, the JPB financial activity is reported in the debt service fund of the County because it has been determined to be fiscally dependent on the County. The JPB had no activity during the year ended June 30, 2018.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

The Teton County Building Corporation (the TCBC) is a separate legal entity established in accordance with the laws of the State of Wyoming. The purpose of the TCBC is to issue debt, construct assets, and lease those assets to the County. Leases between the TCBC and the primary government are consolidated resulting in the governmental activities of the primary government reporting the debt issued by TCBC along with the associated leased assets as its own. The board of the TCBC consists of three members. The County appointed the original three members. The TCBC is presented as a proprietary fund of the County. The TCBC issues separately audited financial statements that can be obtained from the County. The TCBC was dissolved effective June 12, 2018.

Discretely Presented Component Units

The Teton County Library Board (the 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. Prior to 2018, the Library Board's financial statements included the accounts and activities of the Teton County Library Foundation (the Foundation), which is a separate legal non-profit entity. Prior to 2018, the Foundation's primary purpose was to raise funds for the Library Board. However, the organization of the Foundation was modified resulting in it having no members and allowing it to raise funds for any governmental entity, resulting in the Foundation no longer meeting the requirements to be included as a component unit of the Library Board and to be reported as part of the Library Board's financial statements. As a result, beginning net position of the Library Board as reported on the Combining Statement of Activities – Component Units is \$1,721,019, which agrees to the 2017 ending net position of the Library Board and excludes the Foundation's 2017 ending net position of \$6,454,390. The Library Board does not issue separate financial statements.

The Teton County Weed and Pest Control District (the District) was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County as the Board of Commissioners approves the District's budget and tax levy. On a stand-alone basis, the District is presented as a governmental fund type. Included in the Weed and Pest Control District is Weed Management, Inc., a separate legal non-profit entity. Weed Management, Inc. was established in accordance with the laws of the State of Wyoming and its purpose is to issue debt, construct capital assets, and lease those assets to the District. Weed Management, Inc. has been determined to be a component unit of the District. The District issues separately audited financial statements that can be obtained by writing to PO Box 1852, Jackson, WY 83001.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

The Jackson/Teton County Regional Housing Authority (the Regional Housing Authority) has been established to operate affordable housing projects and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of various housing related projects within the County. Three board members, appointed by the County Commissioners and the Town of Jackson, govern the Regional Housing Authority. Decisions regarding new housing projects are to be made under the direction and authorization of the County Commissioners and the Jackson Town Council. The Regional Housing Authority receives substantially all of its financial support from Teton County (11/12), while the remaining portion is provided by the Town of Jackson (1/12), indicating its fiscal dependency on the County. The Regional Housing Authority does not issue separate financial statements.

Jackson Hole Travel and Tourism Joint Powers Board (the Tourism Board) has been established to facilitate County-wide tourism promotion efforts. Seven board members, jointly appointed by the County Commissioners and the Jackson Town Council, govern the Tourism Board, with the Town and County holding joint approval authority over the Board's budget. The Tourism Board is fiscally dependent on the County as the County approves the Tourism Board's budget and imposes and collects the lodging sales tax which is the primary revenue source of the Tourism Board. The Tourism Board does not issue separate financial statements.

Jointly Governed Organizations

The Jackson Hole Airport Board (the Airport Board) was created by the Town of Jackson and the County. The Airport Board was created to establish and operate an airport facility to serve the Town of Jackson and unincorporated areas of the County. Five board members are jointly appointed by the County Commissioners and the Jackson Town Council and Mayor. The Town Council and the County Commissioners jointly approve the budget of the Airport Board. Although neither the Town of Jackson nor the County has any obligation to fund the Airport Board, they may fund any sum of money as determined in their individual budget processes. Audited financial statements can be obtained from the Airport Board by writing to P.O. Box 3594, Jackson, WY 83001.

The **Five County Board** joint powers agreement was created to maintain, develop, and enhance the computer software programs used by Teton County, Big Horn County, Hot Springs County, Sublette County and Uinta County (the participating counties). The board consists of 15 members, which include the elected County Clerk, County Treasurer and County Assessor from each of the participating counties. Operations are financed by appropriations from each of the participating counties. The Five County Board does not issue separate financial statements but does provide each of the participating counties with internally generated financial statements.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements

The County's basic financial statements include both government-wide financial statements (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's general administration, community development, health and human services, infrastructure, justice, parks and recreation and public safety functions are classified as governmental activities. The County's solid waste and recycling services as well as the operations of the Teton County Building Corporation are classified as business-type activities.

Government-Wide Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources 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 and business-type activities (general, parks and recreation, public safety, etc.). The functions are also supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions, and capital grants and contributions.

Program revenues must be directly associated with the function or business-type activity. 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 or business-type activity) 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.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements. The following are fund types used by the County:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is on 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.
- **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.
- **Capital Projects Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- **Debt Service Funds** are used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the government.

The County's major governmental funds consist of the General Fund (see description above), Parks and Recreation Fund, Specific Tax Fund, Capital Projects Fund, and 2012 Landfill Closure Specific Tax Fund.

The Parks and Recreation Fund is a special revenue fund established to account for the operations and maintenance of the County recreation center and parks. The operations of the Parks and Recreation Fund are jointly funded by appropriations from the Town of Jackson and the County.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

The Specific Tax Fund is a special revenue fund established to account for specific taxes imposed and collected by the County but distributed directly to other governmental entities.

The Capital Projects Fund is established to account for the resources restricted, committed, or assigned to expenditure for general government capital outlays excluding those capital projects which are funded by voter-approved allocations of the Special Purpose Excise Tax (SPET).

The 2012 Landfill Closure Specific Tax Fund is established to account for SPET funds restricted for the purpose of the funding of design, planning, engineering, and implementation of the closure, environmental monitoring, and mitigation of the existing Teton County Landfill at Horse Thief Canyon.

The County's non-major special revenue funds consist of funds that collect fees and taxes restricted for public safety (Special Fire, Fire / EMS, and Enhanced 911 Funds), grant funded operations and capital projects (Grants Fund), public road construction, maintenance and repair (Roads Fund), promotion of affordable housing (Housing Authority Fund), county fair promotion and fairground maintenance (County Fair Fund), and tourism promotion and visitor impact services (Lodging Tax Fund).

The County's non-major capital projects funds consist of funds that receive SPET revenues to be expended on voter-approved capital projects. These are titled by the County as Specific Tax Funds, with each voter-approved project being accounted for in a separate fund.

The County's non-major debt service fund is used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the County, other than debt service payments facilitated through the TCBC. Currently, the debt service fund holds no assets or liabilities and has no activities.

Proprietary Funds

The focus on proprietary fund measurement is on determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The County's two proprietary funds include the Integrated Solid Waste and Recycling Fund (ISWR Fund) and the recently dissolved TCBC. The ISWR Fund accounts for the county-wide solid waste disposal and recycling operations and the TCBC accounted for its leasing activities as described in the blended component units section above.

Fiduciary Funds

The County's fiduciary funds are not included in the government-wide financial statements and consist of one agency fund. Agency funds account for assets held in a purely custodial capacity. Given that agency funds are custodial in nature (i.e., assets equal liabilities); they do not involve the measurement of results of operations. The County has one agency fund; the Treasurer's Tax Fund. This fund is used to receive and distribute taxes and fees collected on behalf of other funds of the County and on behalf of other governmental units.

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 and business-type activities in the government-wide financial statements, the proprietary fund financial statements, the fiduciary funds financial statements, and the discretely presented component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized 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.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish between operating revenues and non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Subsidies and grants to proprietary funds, which finance either capital projects or current operations, are reported as non-operating revenue or capital contributions. Other revenues that do not result from providing services are reported as non-operating revenues. For proprietary fund financial statements, operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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. General capital asset acquisitions are reported as expenditures in governments funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, motor vehicle taxes, other taxes, and interest income associated with the current fiscal period that are susceptible to accrual, and received in the availability period (within 60 days of year-end), are recognized as revenues of the fiscal period they are intended to finance. All taxes and internally dedicated resources are reported as general revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Program revenues, which include charges to customers and contributions for operational or capital requirements, are recorded as revenue when earned and the amount is received within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when cash is received by the government.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Financial Statement Amounts

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 a cash equivalent 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.

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. For the purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. 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.

Receivables and Due from Other Governments

Receivables consist of revenues earned as of 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 and current data regarding the condition of specific debtors as of the date of issuance of the financial statements.

Due from other governments consists of amounts due to the County at year-end but remitted after year-end. The balance consists primarily of sales tax and other taxes due from the State of Wyoming, payments in lieu of taxes due from the federal government, and reimbursements for grant expenditures due from the State of Wyoming, the federal government, or other agencies.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

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 items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market and consists and pesticides, insecticides, and other supplies. In the governmental fund financial statements, expenditures are recorded as inventory is used (consumption method).

Capital Assets

Capital assets include land, buildings, improvements, infrastructure, equipment and vehicles. Capital assets are reported in the government-wide financial statements and the proprietary fund financial statements. The County defines capital assets as those 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:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	5 to 30
Infrastructure	5 to 60
Equipment and vehicles	3 to 25

Deferred Outflows and 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. The following items qualify for reporting in this category.

- Pension plan contributions made by the County prior to the County's fiscal year end, but subsequent to the pension measurement date of December 31, 2017.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

- The net difference between projected and actual earnings on pension plan investments.
- Pension related differences between expected and actual experience.
- Changes in proportionate share of the net pension liability.
- Changes in pension related assumptions.

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. The following items qualify for reporting in this category.

- Property taxes for future periods are reported in both the governmental funds balance sheet and the entity-wide statement of net position. Property tax revenues are not recognized prior to the period which they are intended to finance, even if an enforceable lien is in place prior to the beginning of the intended period. Thus, property taxes received or receivable as of year-end, which are intended to finance the following fiscal year, are recorded as deferred inflows.
- The net difference between projected and actual earnings on pension plan investments.
- Pension related differences between expected and actual experience.
- Changes in proportionate share of the net pension liability.
- Change in pension related assumptions.

Pension Related Assets, Liabilities and Deferred Outflows and Inflows of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Unearned Revenues

In the government-wide financial statements and the governmental fund and proprietary fund financial statements, unearned revenue is recognized when cash or other assets are received or recognized prior to completion of the earnings process. The unearned revenues are related to grant revenues and County fair deposits.

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements and proprietary fund financial statements, long-term liabilities 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 governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the period incurred. The face amount of debt issued is reported as an other financing source. Issuance costs are reported as expenditures whether or not they are withheld from the actual debt proceeds received. Debt principal and interest payments are reported as expenditures in the period the payments are due.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates for all full-time permanent employees, depending upon years of service. Comp time accumulates for all full-time permanent employees, up to a maximum of 80 hours. Accumulated vacation leave and comp time is payable to the employee upon leaving employment of the County for any reason. Accumulated comp time can also be paid out at supervisor's discretion. An estimated liability for vacation leave and comp time is reported in the government-wide financial statements and the proprietary fund financial statements and the expense is allocated by function based on where the employee is assigned. No liability is reported for unpaid accumulated sick leave since sick leave credits are not paid to an employee upon termination of employment.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

In the governmental fund financial statements, no liability is reported for compensated absences. The expenditure is reported when vacation time is taken or the liquidated vacation balance is payable to the employee upon termination of employment. For governmental activities, compensated absences are generally liquidated by the General Fund.

Interfund Balances and Transactions

Interfund payables and receivables within governmental activities or within business-type activities are 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.

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 or between proprietary funds are eliminated. In the governmental fund financial statements, transfers are reported as other financing sources or uses.

Equity Classifications

Equity in the government-wide financial statements and proprietary fund 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.”

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

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.
- *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.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Net position flow assumption

Sometimes the County 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 County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions

Sometimes the County 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 County'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.

Estimates

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

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Property Tax Calendar

The County assesses all taxable property other than centrally assessed property, which is assessed by the State of Wyoming, by January 1 of each year. Property 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. State law allows anyone to pay the delinquent taxes on a property and obtain an enforceable lien on that property. Therefore, the County’s delinquent property taxes are insignificant.

Note 2 – Deposits and Investments

Governmental activities:

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 26,413,974	-	-	26,413,974
WYO-STAR	-	21,436,126	-	21,436,126
Government bonds	-	5,568,551	-	5,568,551
Certificates of deposit	14,462,962	-	-	14,462,962
Total pooled cash and cash equivalents	<u>40,876,936</u>	<u>27,004,677</u>	<u>-</u>	<u>67,881,613</u>
Cash and cash equivalents:				
Cash-on-hand	-	-	3,500	3,500
Demand deposits	300,479	-	-	300,479
Certificates of deposit	1,000	-	-	1,000
Total cash and cash equivalents	<u>301,479</u>	<u>-</u>	<u>3,500</u>	<u>304,979</u>
Total governmental activities	<u>\$ 41,178,415</u>	<u>27,004,677</u>	<u>3,500</u>	<u>68,186,592</u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2 – Deposits and Investments (continued)

Business-type activities:

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 2,267,415	-	-	2,267,415
Total pooled cash and cash equivalents	<u>2,267,415</u>	<u>-</u>	<u>-</u>	<u>2,267,415</u>
Total business-type activities	<u>\$ 2,267,415</u>	<u>-</u>	<u>-</u>	<u>2,267,415</u>

Fiduciary funds:

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 2,408,375	-	-	2,408,375
Total pooled cash and cash equivalents	<u>2,408,375</u>	<u>-</u>	<u>-</u>	<u>2,408,375</u>
Cash and cash equivalents:				
Demand deposits	<u>3,395,619</u>	<u>-</u>	<u>-</u>	<u>3,395,619</u>
Total cash and cash equivalents	<u>3,395,619</u>	<u>-</u>	<u>-</u>	<u>3,395,619</u>
Total fiduciary funds	<u>\$ 5,803,994</u>	<u>-</u>	<u>-</u>	<u>5,803,994</u>

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). The County has adopted 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.

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, 2018, all deposits of the County were fully collateralized or insured.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2 – Deposits and Investments (continued)

Investments

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.

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. As such, amounts held with WYO-STAR of \$21,436,126 are carried at amortized cost and are considered cash and cash equivalents.

At June 30, 2018, the County had additional investments in various US government-backed bonds as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
<i>Governmental activities:</i>					
Government bonds	\$ 5,568,551	999,500	4,569,051	-	-
Total	\$ 5,568,551	999,500	4,569,051	-	-

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2 – Deposits and Investments (continued)

The County’s governmental activities and business-type activities have the following recurring fair value measurements as of June 30, 2018:

- Government bonds of \$5,568,551 are valued using quoted market prices (Level 1 inputs).

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 uses the specific identification method to assess interest rate risk. The County’s policy for managing its exposure to fair value loss arising from increasing interest rates is to match the maturities of investments with anticipated cash flows.

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 managing its exposure to credit risk is limited as all investments are supported by US Government issued or insured securities or has been deposited in WYO-STAR.

The County’s investments subject to credit risk consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rate</u>	<u>Rating</u>
<i>Governmental activities:</i>				
WYO-STAR	\$ 21,436,126	Variable	Variable	Unrated
FAMC Bonds	999,500	8/1/2018	1.12%	Unrated
FNMA Bonds	976,890	1/27/2020	1.02%	AA+
FHLBS Bonds	718,267	8/25/2021	1.44%	AAA
FHLMC Bonds	559,911	3/30/2021	1.39%	AA+
FNMA Bonds	495,995	2/26/2020	1.51%	AA+
FHLBS Bonds	492,760	3/15/2021	1.52%	AA+
FHLMC Bonds	491,665	5/25/2021	1.52%	AAA
FHLMC Bonds	490,825	5/25/2021	1.27%	AAA
FHLMC Bonds	342,738	4/28/2021	1.40%	AA+

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2 – Deposits and Investments (continued)

Concentration of Credit Risk

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

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 County Treasurer. All securities 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 County Treasurer and evidenced by safekeeping receipts. All investments 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:				
Cash-on-hand	\$ -	-	250	250
Demand deposits	5,486,404	-	-	5,486,404
Total cash and cash equivalents	<u>5,486,404</u>	<u>-</u>	<u>250</u>	<u>5,486,654</u>
Investments:				
Endowment investment pool	-	-	-	-
Total investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 5,486,404</u>	<u>-</u>	<u>250</u>	<u>5,486,654</u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 2 – 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, 2018, all deposits of component units were fully collateralized or insured.

Interest Rate Risk

Component units have no formal policies other than to follow the Wyoming State statutes, as previously discussed.

Credit Risk

Component units' policies for reducing exposure to credit risk are to comply with the Wyoming State statutes.

Concentration of Credit Risk

Component units' policy for reducing this risk is to comply with Wyoming State statutes.

Custodial Credit Risk

Component units have no formal policies with respect to custodial credit risk. .

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Capital Assets

Governmental activities:

Capital asset activity is as follows:

	Balance 7/1/17	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/18
Capital assets not being depreciated:					
Land	\$ 11,312,647	-	(160,000)	-	11,152,647
Rights of way	357,740	-	-	-	357,740
Construction in progress	13,033,017	10,323,119	(2,358,975)	(7,251,706)	13,745,455
Total capital assets not being depreciated	24,703,404	10,323,119	(2,518,975)	(7,251,706)	25,255,842
Capital assets being depreciated:					
Buildings and improvements	57,568,340	258,907	(355,000)	5,368,975	62,841,222
Infrastructure	52,119,498	927,049	(56,055)	1,742,850	54,733,342
Equipment and vehicles	18,421,379	757,793	(539,415)	139,881	18,779,638
Total capital assets being depreciated	128,109,217	1,943,749	(950,470)	7,251,706	136,354,202
Accumulated depreciation:					
Buildings and improvements	(25,432,638)	(1,851,979)	38,881	-	(27,245,736)
Infrastructure	(23,383,416)	(2,067,391)	24,755	-	(25,426,052)
Equipment and vehicles	(8,913,371)	(1,139,666)	450,416	-	(9,602,621)
Total accumulated depreciation	(57,729,425)	(5,059,036)	514,052	-	(62,274,409)
Total capital assets being depreciated, net	70,379,792	(3,115,287)	(436,418)	7,251,706	74,079,793
Total capital assets, net	\$ 95,083,196	7,207,832	(2,955,393)	-	99,335,635

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Capital Assets (continued)

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

Infrastructure	\$ 3,650,264
Parks and recreation	482,764
Community development	9,197
Public safety	829,626
Health and human services	34,266
Justice	7,124
Administration	<u>45,795</u>
 Total depreciation expense	 <u>\$ 5,059,036</u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Capital Assets (continued)

Business-type activities:

Capital asset activity is as follows:

	Balance 7/1/17	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/18
Capital assets not being depreciated:					
Land	\$ 126,320	-	-	-	126,320
Construction in progress	1,429,301	624,468	-	(2,052,564)	1,205
Total capital assets not being depreciated	1,555,621	624,468	-	(2,052,564)	127,525
Capital assets being depreciated:					
Buildings and improvements	1,152,297	2,343,620	(335,783)	2,052,564	5,212,698
Equipment and vehicles	926,375	118,349	(34,763)	-	1,009,961
Total capital assets being depreciated	2,078,672	2,461,969	(370,546)	2,052,564	6,222,659
Accumulated depreciation:					
Buildings and improvements	(616,376)	(133,253)	242,925	-	(506,704)
Equipment and vehicles	(550,888)	(51,545)	21,727	-	(580,706)
Total accumulated depreciation	(1,167,264)	(184,798)	264,652	-	(1,087,410)
Total capital assets being depreciated, net	911,408	2,277,171	(105,894)	2,052,564	5,135,249
Total capital assets, net	\$ 2,467,029	2,901,639	(105,894)	-	5,262,774

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Capital Assets (continued)

Component Units:

Changes to capital assets are as follows:

	Balance 7/1/17	Additions	Disposals	Transfers/ Adjustments	Balance 6/30/18
<u>County Library</u>					
Buildings and improvements	\$ 649,138	-	-	-	649,138
Equipment	477,435	140,284	(81,777)	-	535,942
Library books and media	681,638	173,438	-	-	855,076
Accumulated depreciation	(1,041,716)	(217,368)	81,777	-	(1,177,307)
Capital assets, net	\$ 766,495	96,354	-	-	862,849
<u>Weed and Pest</u>					
Land	\$ 702,409	-	-	-	702,409
Buildings and improvements	4,322,044	-	-	-	4,322,044
Equipment	656,599	42,214	(39,449)	-	659,364
Accumulated depreciation	(1,750,936)	(211,628)	39,449	-	(1,923,115)
Capital assets, net	\$ 3,930,116	(169,414)	-	-	3,760,702
<u>Housing Authority</u>					
Land	\$ 11,328,832	-	-	-	11,328,832
Construction in progress	53,003	-	(53,003)	-	-
Buildings and improvements	8,166,156	-	-	-	8,166,156
Equipment	22,025	-	-	-	22,025
Accumulated depreciation	(501,378)	(119,857)	-	-	(621,235)
Capital assets, net	\$ 19,068,638	(119,857)	(53,003)	-	18,895,778

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Capital Assets (continued)

Component Units:

Depreciation expense was charged to the component units as follows:

Weed and Pest	\$ 211,628
County Library	217,368
Housing Authority	<u>119,857</u>
 Total depreciation expense	 \$ <u><u>548,853</u></u>

Note 4 – Accounts Payable and Accrued Liabilities

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

Governmental activities:

Payables to vendors	\$ 545,797
Due to other governments	2,042,782
Payables to contractors	662,102
Payroll-related liabilities	431,940
Self-insured health insurance liabilities	<u>289,006</u>
 Total accounts payable and accrued liabilities	 \$ <u><u>3,971,627</u></u>

Business-type activities:

Payables to vendors	\$ 185,384
Payables to contractors	199,461
Payroll-related liabilities	16,274
Due to other governments	<u>119</u>
 Total accounts payable and accrued liabilities	 \$ <u><u>401,238</u></u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 4 – Accounts Payable and Accrued Liabilities (continued)

The County operates a self-insured employee health and dental benefit plan accounted for within the general fund. The plan provides health benefits to eligible employees and their dependents which include employees of the primary government and component units. The County has entered into reinsurance contracts (stop-loss) for this plan at \$100,000/individual. At June 30, 2018, the plan had incurred claims payable and estimated claims incurred but not reported (IBNR) of \$289,006.

For the year ended June 30, 2018, changes to aggregate claims liabilities are as follows:

Claims Liabilities 6/30/17	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/18
\$ 571,098	2,875,908	(3,158,000)	289,006

For the year ended June 30, 2017, changes to aggregate claims liabilities were as follows:

Claims Liabilities 6/30/16	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/17
\$ 303,901	3,708,197	(3,441,000)	571,098

Component units:

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

Payables to vendors	\$	828,587
Payroll-related liabilities		68,954
Security deposits		47,779
Accrued interest payable		5,097
Total accounts payable and accrued liabilities	\$	950,417

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 5 – Funds Held in Trust

The County’s funds held in trust consist of the following:

Funds held by Planning and Development department	\$ 1,512,829
Bonds held by County Clerk of District Court	147,604
Funds held by County Sheriff for jail inmates	<u>24,090</u>
 Total funds held in trust	 \$ <u>1,684,523</u>

Note 6 – Long-Term Liabilities

Governmental activities:

The County is current on all debt payments and is in compliance with the significant terms of all debt agreements. Changes to long-term liabilities are as follows:

	Balance 7/1/17	Additions	Reductions	Balance 6/30/18	Due Within One Year
Bonds	\$ 2,098,494	-	(2,098,494)	-	-
Notes payable	632,281	-	(152,051)	480,230	154,000
Compensated absences	814,708	413,000	(404,374)	823,334	405,000
Landfill closure liability	9,956,451	-	(3,205,187)	6,751,264	3,360,000
 Total long-term liabilities	 \$ <u>13,501,934</u>	 <u>413,000</u>	 <u>(5,860,106)</u>	 <u>8,054,828</u>	 <u>3,919,000</u>

Notes payable consist of the following:

\$1,500,000 loan from the Wyoming Business Council with interest at 1% due in annual installments of approximately \$159,000, matures December 2020. The loan was obtained for the construction of a parking lot and restrooms at Teton Village. \$ 480,230

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Long-Term Liabilities (continued)

Debt service requirements for notes payable are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 154,000	4,802	158,802
2020	155,107	3,267	158,374
2021	171,123	1,716	172,839
Total	\$ <u>480,230</u>	<u>9,785</u>	<u>490,015</u>

Landfill Post-Closure Liability

In previous years, the County operated a landfill. This landfill was closed and replaced with a solid waste transfer station where waste is consolidated into high-volume vehicles and transported to a landfill in a neighboring county. State and federal laws and regulations require that the County place and maintain a final cover on its closed landfill and perform ongoing maintenance and monitoring functions at the landfill site for 30 years after closure. In the Statement of Net Position, a liability is recorded based on the estimated future closure and post-closure costs that will be incurred under the current maintenance and monitoring requirements as established by the state and federal governments. Expense or gain is recorded based on changes in the estimated future closure, maintenance and monitoring liability. As of June 30, 2018, the estimated remaining closure and post-closure care liability is \$6,751,264.

The general fund has historically recorded the operating expenses related to these landfill closure and post-closure maintenance and monitoring activities. However, in fiscal year 2014, the County established a new capital projects fund intended to separately account for the closure and post-closure expenditures. This new fund, titled 2012 Landfill Closure Specific Tax Fund, receives restricted special purpose excise tax revenues as authorized by a November 2012 voter referendum. These revenues are specifically allocated to covering the cost of landfill closure and post closure activities as well as the cost of certain capital improvements to the solid waste transfer station located near the site of the landfill. The State Department of Environmental Quality has communicated to the County that significant landfill site remediation activities are required based on the results returned from landfill site monitoring tests required to ensure that compliance with ground water quality standards are achieved. The County is engaged in ongoing efforts to carry-out the required remediation.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Long-Term Liabilities (continued)

Landfill Post-Closure Liability (continued)

The actual cost of post-closure care may differ due to unexpected increases in the rate of inflation, changes in technology, or future changes in maintenance and monitoring laws and regulations. The estimate of post-closure care may also change to accommodate additional remediation activities that may be required based on the results of ongoing landfill site monitoring.

Business type activities:

Changes to long-term liabilities are as follows:

	Balance 7/1/17	Additions	Reductions	Balance 6/30/18	Due Within One Year
Compensated absences	\$ 33,908	31,000	(28,311)	36,597	28,000
Total long-term liabilities	\$ 33,908	31,000	(28,311)	36,597	28,000

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Long-Term Liabilities (continued)

Conduit debt:

The County has arranged conduit financing for a variety of projects within the County. These debt instruments are not obligations of the County. As such, no liability has been reported in the Statement of Net Position. Conduit debt consists of the following:

\$4,308,743 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due April 2025. The loan was obtained to finance the construction of the Wilson sewer project.	\$ 1,842,100
\$1,600,000 Development Revenue Bonds Series 2011 with interest at 4.03%, due August 2031. The bonds were issued to finance the construction of a building for Community Entry Services, Inc.	1,224,451
\$2,853,676 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due December 2022. The loan was obtained to finance the expansion of the Teton Village Water and Sewer District wastewater treatment plant.	849,519
\$724,035 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due June 2022. The loan was obtained to finance the construction of a storm water collection and treatment facility within the Teton Village Improvement and Service District.	183,392
\$168,792 loan from the Wyoming State Loan and Investment Board with interest at 2.5%, due January 2026. The Loan was obtained to finance the construction of Phase II of the Teton Village Water and Sewer District wastewater treatment plant expansion project.	<u>77,545</u>
Total conduit debt	\$ <u><u>4,177,007</u></u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Long-Term Liabilities (continued)

Component units:

Changes to long-term liabilities are as follows:

	Balance 7/1/17	Additions	Reductions	Balance 6/30/18	Due Within One Year
<u>County Library</u>					
Compensated absences	\$ 82,574	11,500	(37,011)	57,063	57,063
Total County Library	82,574	11,500	(37,011)	57,063	57,063
<u>Weed and Pest</u>					
Notes payable	1,515,436	-	(443,759)	1,071,677	111,536
Compensated absences	61,234	-	(17,318)	43,916	43,916
Total Weed and Pest	1,576,670	-	(461,077)	1,115,593	155,452
<u>Housing Authority</u>					
Notes payable	2,843,350	-	(110,275)	2,733,075	117,000
Compensated absences	7,501	-	(7,501)	-	-
Total Housing Authority	2,850,851	-	(117,776)	2,733,075	117,000
Total long-term liabilities	\$ 4,510,095	11,500	(615,864)	3,905,731	329,515

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Long-Term Liabilities (continued)

Notes payable consist of the following:

\$3,000,000 Teton County Housing Authority loan from First Interstate Bank dated May 2015. Interest only payments during the first eighteen months at 2.72%. Thereafter, monthly installments of principal and interest at 4.73%, maturing May 2034. Note is secured by real property. \$ 2,733,075

\$2,000,000 Teton County Weed and Pest Control District note dated April 2013. Interest only payments during year one, at 4.875%. Years two and three payable in monthly installments of principal and interest, interest at 4.375%. Thereafter, monthly installments of principal and interest at prime rate, with a floor interest rate of 4.875%, maturing April 2023. 1,071,677

\$ 3,804,752

Debt service requirements for notes payable are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 255,182	200,800	455,982
2020	265,321	189,964	455,285
2021	278,579	178,596	457,175
2022	292,379	166,670	459,049
2023	624,503	145,791	770,294
2024	2,088,788	583,102	2,671,890
Total	<u>\$ 3,804,752</u>	<u>1,464,923</u>	<u>5,269,675</u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – 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 the following retirement plans offered by the System based upon eligibility and hiring status: 1) Public Employees Pension Plan (PEPP); 2) Law Enforcement Pension Plan (LEPP); 3) Paid Fireman's Pension Plan B; and 4) Wyoming Deferred Compensation Plan (WDCP).

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 16.62% of the participant's salary to be contributed to PEPP. Contributions consist of 8.25% of the participant's salary as employee contributions and 8.37% 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.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – 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 PEPP 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 unreduced retirement benefits at age 60 (Tier 1 employees) or 65 (Tier 2 employees).

Contributions to PEPP for the year ended June 30, 2018 were \$1,728,539 for the County and \$306,688, \$0, and \$80,190 for the Library, Regional Housing Authority, and Weed & Pest component units, respectively.

Law Enforcement Pension Plan

LEPP is a cost sharing multiple employer defined benefit, contributory retirement 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 to LEPP for the year ended June 30, 2018 were \$649,779.

Paid Fireman's Pension Plan B

PFPP is a cost sharing multiple employer defined benefit, contributory retirement plan covering paid firemen of the County who were employed after July 1, 1981.

PFPP statutorily requires participants to contribute 9.245% of their salary to PFPP and the employer is required to contribute 12% of each participant's salary.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

PFPP 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 is granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless PFPP is 100% funded after the COLA is awarded. Participants may withdraw from PFPP at any time and receive refunds of participant contributions without interest.

Contributions to PFPP for the year ended June 30, 2018 were \$351,628.

Wyoming Deferred Compensation Plan

WDCP administered by the System is an IRS Section 457 Deferred Compensation Plan. WDCP is available as a supplemental plan to the defined benefit retirement plans. Contributions may be made into WDCP (subject to plan and Internal Revenue Code limitations) by employees and employer contributions may be made into WDCP at rates determined by the County.

Upon qualifying for distributions, benefits are paid out in lump sums, or as periodic benefit payments, at the option of the participant based on individual account balances and WDCP provisions. WDCP's account balances are fully vested to the participants at the time of deposit. Investments in WDCP are individually directed by WDCP participants among WRS approved investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options daily. Investments of WDCP are valued daily. In addition to employee contributions, WDCP also accepts employer contributions on behalf of the employees, provided such contribution when added to the employees' deferred contribution does not exceed the maximum deferral permitted by the IRS.

During 2018, employees contributed to WDCP but the County elected not to make contributions to WDCP on behalf of participating employees.

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

Governmental and Business-type Activities:

At June 30, 2018, the County reported an entity-wide net pension liability of \$17,332,075, of which \$16,630,209 is related to governmental activities and \$701,866 is related to the County's ISWR proprietary fund.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

	Measured at:		December 31,	Change
	December 31, 2017		2016	
	Net			
	Pension	Proportionate	Proportionate	
	Liability	Share	Share	
PEPP	\$ 12,873,618	0.564796%	0.523927%	0.040869%
LEPP	2,031,229	2.360675%	2.425935%	-0.065260%
PFPP - B	2,427,228	5.886357%	5.680151%	0.206206%
Total net pension liability	\$ <u>17,332,075</u>			

Component Units:

At June 30, 2018, the County reported for component units a net pension liability of \$3,017,794, of which \$2,359,876 is related to the Library, \$0 is related to the Regional Housing Authority, and \$657,918 is related to the Weed & Pest.

	Measured at:		December 31,	Change
	December 31, 2017		2016	
	Net			
	Pension	Proportionate	Proportionate	
	Liability	Share	Share	
<u>PEPP</u>				
Library	\$ 2,359,876	0.103533%	0.097924%	0.005610%
Housing Authority	-	0.000000%	0.003245%	-0.003245%
Weed & Pest	657,918	0.028864%	0.029842%	-0.000977%
Total net pension liability	\$ <u>3,017,794</u>			

The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 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 2017.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

Governmental and Business-type Activities:

For the year ended June 30, 2018, the County recognized for the primary government pension expense of \$3,386,393. At June 30, 2018, the County reported for the primary government deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 20,527	740,214
Net difference between projected and actual earnings on pension plan investments	2,479,982	3,256,618
Changes in assumptions	3,830,408	66,271
Contributions subsequent to the measurement date	1,378,125	-
Change in proportionate share	<u>987,973</u>	<u>-</u>
	<u>\$ 8,697,015</u>	<u>4,063,103</u>

Deferred outflows of resources related to pensions resulting from County contributions of \$1,378,125 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

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

Fiscal Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
<u> </u>	<u> </u>
2019	\$ 1,614,363
2020	1,252,287
2021	211,691
2022	(307,293)
2023	242,767
Thereafter	<u>241,972</u>
	<u>\$ 3,255,787</u>

Component Units:

For the year ended June 30, 2018, the County recognized for the Library, Regional Housing Authority, and Weed & Pest component units pension expense of \$346,549, \$0, and \$32,157, respectively.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

At June 30, 2018, the County reported for the Library, Regional Housing Authority, and Weed and Pest component units net deferred outflows (inflows) of resources related to pensions from the following sources:

	Library Net Deferred Outflows (Inflows) of Resources	HA Net Deferred Outflows (Inflows) of Resources	WP Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ (82,544)	-	(23,013)
Net difference between projected and actual earnings on pension plan investments	(86,438)	-	39,830
Changes in assumptions	229,301	-	
Contributions subsequent to the measurement date	151,999	-	38,338
Change in proportionate share	123,653	-	56,276
	<u>\$ 335,971</u>	<u>-</u>	<u>111,431</u>

Deferred outflows of resources related to pensions resulting from Library, Regional Housing Authority, and Weed & Pest contributions of \$151,999, \$0, and \$38,338, respectively, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

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

Fiscal Year Ending June 30,	Library Net Deferred Outflows of Resources	HA Net Deferred Outflows of Resources	WP Net Deferred Outflows of Resources
2019	\$ 146,188	-	46,795
2020	121,419	-	40,814
2021	(3,915)	-	7,631
2022	(79,720)	-	(22,147)
	<u>\$ 183,972</u>	<u>-</u>	<u>73,093</u>

Actuarial Assumptions

The total pension liability based on the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PEPP</u>	<u>LEPP</u>	<u>PFPP</u>
Projected salary increases, includes inflation	4.25% to 6.00%	4.25% to 8.00%	4.25% to 7.00%
Assumed inflation rate	3.25%	3.25%	3.25%
Investment Rate of Return	7.75%	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.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7%. 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 Wyoming State Retirement 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.

The assumed asset allocation of the plans’ portfolio, the long-term expected rate of return for each asset class, and the expected rate of return is presented arithmetically and geometrically below over a 20-year time frame.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Target Allocation	Arithmetic Real Return	30 Year Assumptions		30 Year Assumptions Nominal Geometric Return
			Arithmetic Nominal Return	Geometric Real Return	
Tactical Cash	0.0%	0.4%	2.9%	0.4%	2.9%
Fixed Income	20.0%	1.8%	4.3%	1.2%	3.7%
Equity	45.0%	6.9%	9.4%	5.0%	7.5%
Marketable Alternatives	17.5%	3.3%	5.8%	2.8%	5.3%
Private Markets	17.5%	7.1%	9.6%	5.1%	7.6%
Total	100%	5.27%	7.77%	3.85%	6.35%

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – 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 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 percent) or 1-percentage-point higher (8 percent) than the current rate:

Governmental and Business-type Activities:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	6.75%	7.75%	8.75%
<i>PEPP</i>			
Proportionate share of net pension liability	19,457,049	12,873,618	7,383,129
<i>LEPP</i>			
Proportionate share of net pension liability	4,359,632	2,031,229	135,719
<i>PFPP - B</i>			
Proportionate share of net pension liability	4,147,937	2,427,228	1,016,915

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 7 – Retirement Plans (continued)

Component Units:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
<i>PEPP - LB</i>			
Proportionate share of net pension liability	3,566,692	2,359,876	1,353,409
<i>PEPP - HA</i>			
Proportionate share of net pension liability	-	-	-
<i>PEPP - WP</i>			
Proportionate share of net pension liability	994,370	657,918	377,322

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.

Note 8 – Net Position and Fund Equities

Net position of governmental activities includes certain amounts restricted by enabling legislation. As of June 30, 2018 net position restricted by enabling legislation totaled \$5,241,141, all of which related to energy mitigation fees collected by the County's planning and development office. These fees are required to be used on energy mitigation related projects.

The County has adopted a resolution establishing three separate fund reserve policies: Operation Stabilization Reserve Policy (OSR), Special Revenue Fund Balance Policy (SRFB), and Emergency Reserve/Capital Projects Fund Policy (ERCP). The County Commissioners are the body authorized to establish such policies with administration of the policies by Teton County Clerk, Teton County Treasurer, and the Board of County Commissioner's Administrator. The Board of Commissioners may authorize the use of the reserves.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 8 – Net Position and Fund Equities (continued)

The OSR requires the County to maintain a minimum of 2 ½ months of regular, on-going operating expenses (including transfers out) for the committed operation stabilization reserve. For purposes of this calculation, the total general fund operations expenses for the next fiscal year budget will be used. The County Clerk will calculate the OSR level during the annual budget process. Upon approval, the OSR may be used to allow time for the County to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted plan. As of June 30, 2018, the County had committed approximately \$7.1 million at June 30, 2018.

The SRFB requires the County to maintain a minimum of 15% of prior year audited revenue excluding interfund transfers in special revenue funds. The SRFB excludes Parks and Recreation and ISWR funds, which maintain previously adopted policies. At June 30, 2018, the minimum fund balance requirement is approximately \$1.6 million compared to approximately \$12.3 million in restricted, committed, or assigned fund balances in special revenue funds at June 30, 2018.

The ERCP requires the County to maintain a minimum of 20% of the total general fund revenues for the committed emergency capital reserve. For the purposes of this calculation, the total general fund revenues for the prior audited fiscal year will be utilized. The County Clerk calculates the ERCP level after the year-end audit and prepares a budget amendment. If revenues decline, the ERCP amount will remain the same. At June 30, 2018, the County committed approximately \$12.6 million in its capital projects fund exceeding the minimum fund balance requirement of approximately \$7.9 million.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9 – Operating Leases

Governmental activities:

The County leases office equipment under operating leases. Lease rental expenses under operating leases for the year ended June 30, 2018 was approximately \$51,000. Future minimum non-cancelable operating lease payments are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 51,000
2020	38,000
2021	25,000
2022	<u>25,000</u>
	<u>\$ 139,000</u>

Component Units:

The Jackson/Teton County Regional Housing Authority acts as lessor and leases office space and residential units to tenants. Lease rental revenues under operating leases for the year ended June 30, 2018 were approximately \$596,000. Future minimum non-cancelable operating lease revenues are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 203,000
2020	109,000
2021	94,000
2022	65,000
2023	<u>27,000</u>
	<u>\$ 498,000</u>

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10 – Interfund Receivables, Payables, and Transfers

At June 30, 2018, the General Fund has a receivable due from the Grants Fund of \$245,914. This interfund amount represents a short-term advance from the General Fund to the Grants Fund from the County’s cash and investment pool. This advance is expected to be repaid in fiscal year 2019.

The County made the following interfund transfers:

<u>Purpose</u>	<u>Amount</u>	<u>Transfer in</u>	<u>Transfer out</u>
Capital purchases	\$ 5,191,619	Capital Projects Fund	General Fund
Operations and capital purchases	\$ 1,000,000	Non-Major Funds	Capital Projects Fund
Operations and capital purchases	\$ 2,047,402	Non-Major Funds	General Fund
Operations and capital purchases	\$ 1,331,955	Parks and Rec Fund	General Fund
Program-specific funding	\$ 452,711	General Fund	Non-Major Funds
Operations and capital purchases	\$ 132,152	General Fund	Non-Major Funds
Operations and capital purchases	\$ 300,000	Parks and Rec Fund	Non-Major Funds
Capital purchases	\$ 337,185	Parks and Rec Fund	Capital Projects Fund
Operations	\$ 150,000	Non-Major Funds	Non-Major Funds
Capital purchases	\$ 20,407	Non-Major Funds	Capital Projects Fund
Operations	\$ 970,289	General Fund	Building Corporation

Note 11 – Related Party Transactions

The Teton County Library Board pays monthly premiums to the County to participate in the County’s self-insured health insurance plan. During the year, the general fund received approximately \$433,000 in health insurance premiums from the Teton County Library Board.

TETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 12 – Risk Management

The nature of the County's operations makes it susceptible to lawsuits, legal actions, and other judgments. The County is also subject to the risk of casualty and theft losses with respect to capital assets. The County mitigates its risk of material loss from these events through the purchase of liability and property insurance arranged through the Wyoming Association of Risk Management and the Wyoming Local Government Liability Pool. The County had no claim settlements over the past three years that exceeded its insurance coverage.

Note 13 – Commitments and Contingencies

Governmental activities:

The County has executed multiple contracts for the completion of various projects including but not limited to: South Park Loop Pathway Connector, Cattleman's Bridge, Hoback Bridge, and Fish Creek Road. The remaining expenditure commitment for services yet to be performed on these contracts as of June 30, 2018 is approximately \$3,912,000. The total commitment amount is subject to adjustment for change orders and additional costs incurred by the contractors.

Business-type Activities:

The Integrated Solid Waste and Recycling Fund has executed several multi-year contracts for the provision of solid waste handling and transportation operations. The remaining expenditure commitment for services yet to be performed as of June 30, 2018 is approximately \$834,000 to be incurred over fiscal year 2019. The total commitment amount is subject to adjustment for actual transport mileage incurred by the contractor.

The Integrated Solid Waste and Recycling Fund has executed a multi-year contract for various professional services related to the landfill closure. The remaining expenditure commitment for services yet to be performed as of June 30, 2018 is approximately \$533,000.

Required Supplementary Information

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
<u>Taxes</u>				
Sales and use taxes	\$ 17,307,231	17,312,231	18,857,691	1,545,460
Property taxes	8,843,508	8,859,331	8,861,581	2,250
Payments in lieu of property tax	2,276,400	2,276,400	2,341,669	65,269
Gasoline tax	1,284,000	1,284,000	1,380,334	96,334
Lodging tax	421,597	421,597	480,558	58,961
Severance tax	210,000	210,000	210,037	37
Motor vehicle fees	759,000	760,500	969,373	208,873
Other taxes	11,000	14,000	22,696	8,696
Total taxes	31,112,736	31,138,059	33,123,939	1,985,880
<u>Other Revenues</u>				
Intergovernmental	349,446	383,413	424,084	40,671
Charges for services	2,234,906	2,378,367	2,036,851	(341,516)
Licenses and permits	2,537,320	2,537,320	3,216,957	679,637
Miscellaneous	161,000	642,582	689,283	46,701
Total revenues	36,395,408	37,079,741	39,491,114	2,411,373
Expenditures:				
<u>Administration</u>				
General administration	5,720,409	5,841,306	2,845,786	2,995,520
County commissioners	892,262	892,262	852,406	39,856
County clerk	987,741	987,741	857,148	130,593
County treasurer	739,216	739,366	702,812	36,554
County assessor	622,442	622,861	581,859	41,002
Information systems	486,576	559,327	549,310	10,017
Facilities maintenance	1,186,134	1,209,883	1,174,145	35,738
Special projects	152,300	172,750	147,025	25,725
Total administration	10,787,080	11,025,496	7,710,491	3,315,005
<u>Community development</u>				
County planner	1,739,469	1,795,505	1,703,947	91,558
Community development	203,041	964,979	1,065,072	(100,093)
Special projects	401,964	401,964	343,862	58,102
Total community development	2,344,474	3,162,448	3,112,881	49,567

(continued)

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Health and human services</u>				
Public and environmental health	1,448,916	1,475,608	1,405,264	70,344
Human services	1,345,474	1,345,474	1,358,869	(13,395)
County coroner	203,767	203,867	157,234	46,633
Agricultural extension	201,947	201,947	154,619	47,328
WIC program	35,555	8,746	8,148	598
Health officer	6,930	7,230	6,930	300
Total health and human services	<u>3,242,589</u>	<u>3,242,872</u>	<u>3,091,064</u>	<u>151,808</u>
<u>Justice</u>				
County attorney	1,249,930	1,266,030	1,208,742	57,288
Clerk of district court	587,522	587,522	539,635	47,887
Court supervised treatment program	159,405	159,405	133,510	25,895
Justice court	4,000	4,000	945	3,055
Total justice	<u>2,000,857</u>	<u>2,016,957</u>	<u>1,882,832</u>	<u>134,125</u>
<u>Infrastructure</u>				
Road and bridge	1,651,848	1,813,062	1,837,782	(24,720)
County engineer	1,065,343	1,085,343	784,112	301,231
Pathways	167,451	167,451	137,565	29,886
Total infrastructure	<u>2,884,642</u>	<u>3,065,856</u>	<u>2,759,459</u>	<u>306,397</u>
<u>Public safety</u>				
County sheriff	5,988,632	6,039,031	5,395,453	643,578
Board of prisoners and jail	1,625,991	1,659,651	1,635,269	24,382
Emergency management	323,154	251,922	221,921	30,001
Special projects	97,158	97,158	103,523	(6,365)
Total public safety	<u>8,034,935</u>	<u>8,047,762</u>	<u>7,356,166</u>	<u>691,596</u>
<u>Debt Service</u>				
Principal	2,197,901	2,197,901	2,105,995	91,906
Interest and fiscal charges	44,388	44,388	44,388	-
Total debt service	<u>2,242,289</u>	<u>2,242,289</u>	<u>2,150,383</u>	<u>91,906</u>
Total expenditures	<u>31,536,866</u>	<u>32,803,680</u>	<u>28,063,276</u>	<u>4,740,404</u>
Excess of revenues over expenditures	<u>4,858,542</u>	<u>4,276,061</u>	<u>11,427,838</u>	<u>7,151,777</u>

(continued)

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other financing sources (uses):				
Transfer from grants fund	418,409	400,001	452,711	52,710
Transfer from fire / EMS fund	288,000	288,000	120,254	(167,746)
Transfer from lodging tax fund	152,346	11,898	11,898	-
Transfer to fire / EMS fund	(1,740,487)	(1,740,487)	(1,682,015)	58,472
Transfer to parks and recreation fund	(1,331,955)	(1,331,955)	(1,331,955)	-
Transfer from building corporation	970,289	970,289	970,289	-
Transfer to housing authority fund	(365,387)	(365,387)	(365,387)	-
Transfer to capital projects fund	(4,875,977)	(5,167,137)	(5,191,619)	(24,482)
Total other financing sources (uses)	<u>(6,484,762)</u>	<u>(6,934,778)</u>	<u>(7,015,824)</u>	<u>(81,046)</u>
Change in fund balance	\$ <u>(1,626,220)</u>	<u>(2,658,717)</u>	4,412,014	<u>7,070,731</u>
Fund balance - July 1			<u>21,757,562</u>	
Fund balance - June 30			\$ <u>26,169,576</u>	

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 30,135	30,135	25,000	(5,135)
Charges for services	6,978,720	7,069,720	3,222,286	(3,847,434)
Licenses and permits	127,000	155,700	279,825	124,125
Contributions	16,000	45,500	44,176	(1,324)
Miscellaneous	5,000	31,048	31,279	231
	<u>7,156,855</u>	<u>7,332,103</u>	<u>3,602,566</u>	<u>(3,729,537)</u>
Total revenues				
Expenditures:				
Parks and recreation	<u>10,794,050</u>	<u>10,823,250</u>	<u>5,829,518</u>	<u>4,993,732</u>
Total expenditures	<u>10,794,050</u>	<u>10,823,250</u>	<u>5,829,518</u>	<u>4,993,732</u>
Deficiency of revenues over expenditures	<u>(3,637,195)</u>	<u>(3,491,147)</u>	<u>(2,226,952)</u>	<u>1,264,195</u>
Other financing sources:				
Transfer from lodging tax fund	355,000	355,000	300,000	(55,000)
Transfer from general fund	<u>2,782,195</u>	<u>2,782,195</u>	<u>1,669,140</u>	<u>(1,113,055)</u>
Total other financing sources	<u>3,137,195</u>	<u>3,137,195</u>	<u>1,969,140</u>	<u>(1,168,055)</u>
Change in fund balance	<u><u>\$ (500,000)</u></u>	<u><u>(353,952)</u></u>	<u>(257,812)</u>	<u><u>96,140</u></u>
Fund balance - July 1			<u>888,326</u>	
Fund balance - June 30			<u><u>\$ 630,514</u></u>	

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
SPECIFIC TAX FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Sales and use taxes	\$ -	8,300,000	5,542,114	(2,757,886)
Total revenues	<u>-</u>	<u>8,300,000</u>	<u>5,542,114</u>	<u>(2,757,886)</u>
Expenditures:				
Administration	<u>-</u>	<u>8,300,000</u>	<u>5,542,114</u>	<u>2,757,886</u>
Total expenditures	<u>-</u>	<u>8,300,000</u>	<u>5,542,114</u>	<u>2,757,886</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1			<u>-</u>	
Fund balance - June 30			<u><u>\$ -</u></u>	

TETON COUNTY
BUDGETARY COMPARISON SCHEDULE
2012 LANDFILL CLOSURE SPECIFIC TAX FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Miscellaneous	\$ 20,000	20,000	57,343	37,343
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>57,343</u>	<u>37,343</u>
Expenditures:				
Infrastructure	<u>3,986,434</u>	<u>3,986,434</u>	<u>1,685,525</u>	<u>2,300,909</u>
Total expenditures	<u>3,986,434</u>	<u>3,986,434</u>	<u>1,685,525</u>	<u>2,300,909</u>
Deficiency of revenues over expenditures	\$ <u>(3,966,434)</u>	<u>(3,966,434)</u>	<u>(1,628,182)</u>	<u>2,338,252</u>
Fund balance - July 1			<u>11,763,471</u>	
Fund balance - June 30			<u>\$ 10,135,289</u>	

TETON COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PRIMARY GOVERNMENT

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>Public Employee Pension Plan:</u>				
Proportion of the net pension liability	0.564796%	0.523927%	0.501527%	0.466463%
Proportionate share of the net pension liability	\$ 12,873,618	12,665,934	11,682,315	8,231,636
Covered employee payroll	\$ 10,032,904	9,341,120	8,956,486	7,791,267
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.31%	135.59%	130.43%	106.00%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
<u>Law Enforcement Pension Plan:</u>				
Proportion of the net pension liability	2.360675%	2.425935%	2.271553%	2.101185%
Proportionate share of the net pension liability	\$ 2,031,229	1,831,385	1,706,389	619,086
Covered employee payroll	\$ 3,624,747	3,754,842	3,416,409	3,252,244
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.04%	48.77%	49.95%	19.04%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	88.11%	87.49%	94.76%
<u>Paid Fireman's Pension Plan B:</u>				
Proportion of the net pension liability	5.886357%	5.680151%	4.809564%	3.820583%
Proportionate share of the net pension liability (asset)	\$ 2,427,228	1,792,731	1,470,505	(42,967)
Covered employee payroll	\$ 1,660,523	1,499,019	1,249,835	1,006,802
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.17%	119.59%	117.66%	-4.27%
Plan fiduciary net position as a percentage of the total pension liability	77.98%	80.16%	79.33%	100.98%

TETON COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COMPONENT UNITS

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<u>Public Employee Pension Plan - Library:</u>				
Proportion of the net pension liability	0.103533%	0.097924%	0.093980%	0.093356%
Proportionate share of the net pension liability	\$ 2,359,876	2,367,308	2,189,121	1,647,440
Covered employee payroll	\$ 1,839,142	1,745,889	1,678,813	1,559,307
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.31%	135.59%	130.40%	105.65%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
<u>Public Employee Pension Plan - Housing Authority:</u>				
Proportion of the net pension liability	0.000000%	0.003245%	0.010695%	0.012962%
Proportionate share of the net pension liability	\$ -	78,453	249,127	228,744
Covered employee payroll	\$ -	57,859	190,144	216,509
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	135.59%	131.02%	105.65%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%
<u>Public Employee Pension Plan - Weed & Pest:</u>				
Proportion of the net pension liability	0.028864%	0.029842%	0.027434%	0.026726%
Proportionate share of the net pension liability	\$ 657,918	721,423	639,026	471,633
Covered employee payroll	\$ 507,201	533,753	489,243	464,377
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	129.72%	135.16%	130.62%	101.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%

TETON COUNTY
SCHEDULE OF CONTRIBUTIONS
PRIMARY GOVERNMENT

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<u>Public Employee Pension Plan:</u>				
Contractually required contribution	\$ 1,728,539	1,592,361	1,492,813	1,354,444
Contributions in relation to the contractually required contribution	<u>1,728,539</u>	<u>1,592,361</u>	<u>1,492,813</u>	<u>1,354,444</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 10,400,355	9,580,993	8,982,028	8,534,619
Contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%
<u>Law Enforcement Pension Plan:</u>				
Contractually required contribution	\$ 649,779	667,728	654,629	583,138
Contributions in relation to the contractually required contribution	<u>649,779</u>	<u>667,728</u>	<u>654,629</u>	<u>583,138</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 3,777,785	3,882,140	3,805,983	3,390,337
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%
<u>Paid Fireman's Pension Plan B:</u>				
Contractually required contribution	\$ 351,628	339,266	333,826	239,097
Contributions in relation to the contractually required contribution	<u>351,628</u>	<u>339,266</u>	<u>333,826</u>	<u>239,097</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 1,655,109	1,596,922	1,571,316	1,125,427
Contributions as a percentage of covered employee payroll	21.25%	21.25%	21.25%	21.25%

TETON COUNTY
SCHEDULE OF CONTRIBUTIONS
COMPONENT UNITS

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<u>Public Employee Pension Plan - Library:</u>				
Contractually required contribution	\$ 306,688	294,378	306,136	253,544
Contributions in relation to the contractually required contribution	<u>306,688</u>	<u>294,378</u>	<u>306,136</u>	<u>253,544</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 1,845,295	1,771,227	1,841,974	1,597,631
Contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%
<u>Public Employee Pension Plan - Housing Authority:</u>				
Contractually required contribution	\$ -	-	30,500	29,517
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>30,500</u>	<u>29,517</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ -	-	183,514	185,992
Contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%
<u>Public Employee Pension Plan - Weed & Pest:</u>				
Contractually required contribution	\$ 80,190	85,999	87,745	74,457
Contributions in relation to the contractually required contribution	<u>80,190</u>	<u>85,999</u>	<u>87,745</u>	<u>74,457</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 482,491	517,443	527,948	469,168
Contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%

TETON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

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 the general fund and all special revenue 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 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

The budget is required to be prepared in a format acceptable to the Wyoming Department of Audit, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. 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 County expends funds only as authorized by the approved budget unless a departure from the budget is authorized by the Board of County Commissioners. State statute requires that County boards or officials shall not incur expenditures or encumbrances in excess of total appropriations of the County's general fund budget as adopted or subsequently amended. Only the Board of County Commissioners at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented is after all approved amendments.

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 2014.

TETON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Note 4 – Changes in Assumptions

The following actuarial assumption changes were adopted January 1, 2018 for the PEPP and LEPP. The assumed inflation rate was reduced from 3.25% to 2.25% and the assumed real rate of return was increased from 4.5% to 4.75%, resulting in a decrease in the assumed nominal rate of return from 7.75% to 7.00%. With the decrease in the assumed inflation rate, both the payroll growth and wage inflation assumptions were both decreased by 1.75% from the prior year's assumptions. In addition to these changes, the assumed annual increase in administrative expenses was decreased from 6.50% per year to 2.50% per year, the assumptions associated with post-retirement mortality, disabled lives mortality, and active life mortality rates were updated to use the RP2014 table which is to be projected generationally using the MP 2017 mortality improvement scale, the assumptions associated with salary increases were decreased to move from age-based merit and promotion increases to service-based merit and promotion increases, and the assumptions associated with retirement and termination and disability rates were modified to actual experience and observed experience, respectively.

The following actuarial assumption changes were adopted January 1, 2018 for the PFPP. The assumed inflation rate was reduced from 3.25% to 2.25% and the assumed real rate of return was increased from 4.5% to 4.75%, resulting in a decrease in the assumed nominal rate of return from 7.75% to 7.00%. With the decrease in the assumed inflation rate, both the payroll growth and wage inflation assumptions were both decreased by 1.75% from the prior year's assumptions. In addition to these changes, the assumed annual increase in administrative expenses was decreased from 6.50% per year to 2.50% per year, the assumptions associated with post-retirement mortality, disabled lives mortality, and active life mortality rates were updated to use the RP2014 table which is to be projected generationally using the MP 2017 mortality improvement scale, the assumptions associated with salary increases were increased due to service-based merit and promotion increases, and the assumptions associated with retirement, termination, and disability rates were modified to actual experience and observed experience, respectively.

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Supplementary Information

TETON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

Special Revenue Funds

	Special Fire	Grants	Fire/EMS	Enhanced 911	Housing Authority	Roads	Lodging Tax	County Fair
Assets:								
Pooled cash and cash equivalents	\$ 583,809	-	939,247	956,370	4,707,378	2,112,213	403,218	968,793
Cash and cash equivalents	-	-	-	-	-	-	-	5,000
Accounts receivable	-	-	181,103	50,763	-	-	-	-
Taxes receivable	905,895	-	-	-	-	-	-	561,175
Due from other governments	60,895	391,008	-	-	-	102,250	266,632	7,366
Due from other funds	1,297,968	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	42,976
Total assets	2,848,567	391,008	1,120,350	1,007,133	4,707,378	2,214,463	669,850	1,585,310
Liabilities:								
Interfund payable - pooled cash	-	245,914	-	-	-	-	-	-
Accounts payable and accrued liabilities	12,930	136,578	90,452	586	29,424	137,234	19,708	24,333
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	54,605
Total liabilities	12,930	382,492	90,452	586	29,424	137,234	19,708	78,938
Deferred inflows of resources:								
Revenues for future periods	902,697	-	-	-	-	-	-	556,710
Total deferred inflows of resources	902,697	-	-	-	-	-	-	556,710
Fund balances:								
Nonspendable:								
Prepaid expenses	-	-	-	-	-	-	-	42,976
Restricted for:								
Capital projects	-	-	-	-	4,677,954	-	-	-
Infrastructure	-	-	-	-	-	2,077,229	-	-
Restricted for:	1,932,940	-	-	1,006,547	-	-	-	-
Community development	-	-	-	-	-	-	650,142	-
Other purposes	-	8,516	-	-	-	-	-	-
Committed for:								
Public safety	-	-	1,029,898	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	906,686
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	1,932,940	8,516	1,029,898	1,006,547	4,677,954	2,077,229	650,142	949,662
Total liabilities, deferred inflows of resources and fund balances	\$ 2,848,567	391,008	1,120,350	1,007,133	4,707,378	2,214,463	669,850	1,585,310

TETON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

Capital Projects Funds									
2010 Pathways Specific Tax Fund	2010 Wilson Specific Tax Fund	2010 Parks & Recreation Specific Tax Fund	2014 Pathways Specific Tax Fund	2014 Fire/EMS Specific Tax Fund	2017 Pathways Specific Tax Fund	2017 Fire/EMS Specific Tax Fund	2017 Parks & Rec Repair Specific Tax Fund	2017 Parks Rec Housing Specific Tax Fund	Total Non-major Governmental Funds
32,796	287,965	405,653	635,511	2,301,695	1,507,120	-	266,071	1,794,796	17,902,635
-	-	-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	-	-	231,866
-	-	-	-	-	-	-	-	-	1,467,070
-	-	-	-	-	-	-	78,246	795,178	1,701,575
-	-	-	-	-	-	-	-	-	1,297,968
-	-	-	-	-	-	-	-	-	42,976
<u>32,796</u>	<u>287,965</u>	<u>405,653</u>	<u>635,511</u>	<u>2,301,695</u>	<u>1,507,120</u>	<u>-</u>	<u>344,317</u>	<u>2,589,974</u>	<u>22,649,090</u>
-	-	-	-	-	-	-	-	-	245,914
-	7,494	-	5,889	178,712	6,400	-	-	-	649,740
-	-	-	-	-	-	1,297,968	-	-	1,297,968
-	-	-	-	-	-	-	-	-	54,605
-	7,494	-	5,889	178,712	6,400	1,297,968	-	-	2,248,227
-	-	-	-	-	-	-	-	-	1,459,407
-	-	-	-	-	-	-	-	-	1,459,407
-	-	-	-	-	-	-	-	-	42,976
32,796	280,471	405,653	629,622	2,122,983	1,500,720	-	344,317	2,589,974	12,584,490
-	-	-	-	-	-	-	-	-	2,077,229
-	-	-	-	-	-	-	-	-	2,939,487
-	-	-	-	-	-	-	-	-	650,142
-	-	-	-	-	-	-	-	-	8,516
-	-	-	-	-	-	-	-	-	1,029,898
-	-	-	-	-	-	-	-	-	906,686
-	-	-	-	-	-	(1,297,968)	-	-	(1,297,968)
<u>32,796</u>	<u>280,471</u>	<u>405,653</u>	<u>629,622</u>	<u>2,122,983</u>	<u>1,500,720</u>	<u>(1,297,968)</u>	<u>344,317</u>	<u>2,589,974</u>	<u>18,941,456</u>
<u>32,796</u>	<u>287,965</u>	<u>405,653</u>	<u>635,511</u>	<u>2,301,695</u>	<u>1,507,120</u>	<u>-</u>	<u>344,317</u>	<u>2,589,974</u>	<u>22,649,090</u>

TETON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Special Revenue Funds							
	Special Fire	Grants	Fire/EMS	Enhanced 911	Housing Authority	Roads	Lodging Tax	County Fair
Revenues:								
Taxes	\$ 539,719	-	-	-	-	603,023	1,441,673	744,257
Intergovernmental	-	3,022,923	-	-	-	284,262	-	-
Charges for services	369,393	-	1,889,171	310,451	846,007	-	-	493,989
Contributions	43,914	-	165,185	-	-	-	-	1,790
Miscellaneous	16,917	-	10,889	4,843	21,636	10,408	2,522	39,187
Total revenues	<u>969,943</u>	<u>3,022,923</u>	<u>2,065,245</u>	<u>315,294</u>	<u>867,643</u>	<u>897,693</u>	<u>1,444,195</u>	<u>1,279,223</u>
Expenditures:								
Administration	-	-	-	-	-	-	20,962	-
Community development	-	-	-	-	582,890	-	-	-
Health and human services	-	151,487	-	-	-	-	-	-
Infrastructure	-	2,304,803	-	-	-	1,326,698	532,057	-
Parks and recreation	-	25,000	-	-	-	-	181,997	1,079,643
Public safety	831,502	88,922	3,831,269	84,712	-	-	-	-
Total expenditures	<u>831,502</u>	<u>2,570,212</u>	<u>3,831,269</u>	<u>84,712</u>	<u>582,890</u>	<u>1,326,698</u>	<u>735,016</u>	<u>1,079,643</u>
Excess (deficiency) of revenues over expenditures	<u>138,441</u>	<u>452,711</u>	<u>(1,766,024)</u>	<u>230,582</u>	<u>284,753</u>	<u>(429,005)</u>	<u>709,179</u>	<u>199,580</u>
Other financing sources (uses):								
Transfers in (out)	-	(452,711)	1,732,168	-	1,365,387	-	(461,898)	-
Total other financing sources (uses)	-	<u>(452,711)</u>	<u>1,732,168</u>	<u>-</u>	<u>1,365,387</u>	<u>-</u>	<u>(461,898)</u>	<u>-</u>
Change in fund balance	138,441	-	(33,856)	230,582	1,650,140	(429,005)	247,281	199,580
Fund balance - July 1	<u>1,794,499</u>	<u>8,516</u>	<u>1,063,754</u>	<u>775,965</u>	<u>3,027,814</u>	<u>2,506,234</u>	<u>402,861</u>	<u>750,082</u>
Fund balance - June 30	<u>\$ 1,932,940</u>	<u>8,516</u>	<u>1,029,898</u>	<u>1,006,547</u>	<u>4,677,954</u>	<u>2,077,229</u>	<u>650,142</u>	<u>949,662</u>

TETON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

Capital Projects Funds									
2010 Pathways Specific Tax Fund	2010 Wilson Specific Tax Fund	2010 Parks & Recreation Specific Tax Fund	2014 Pathways Specific Tax Fund	2014 Fire/EMS Specific Tax Fund	2017 Pathways Specific Tax Fund	2017 Fire/EMS Specific Tax Fund	2017 Parks & Rec Repair Specific Tax Fund	2017 Parks & Rec Housing Specific Tax Fund	Total Non-major Governmental Funds
-	-	-	-	-	-	-	797,355	2,585,506	6,711,533
-	-	-	-	-	-	-	-	-	3,307,185
-	-	-	-	-	-	-	-	-	3,909,011
-	-	-	-	-	-	-	-	-	210,889
223	1,549	2,145	3,640	12,263	7,970	-	1,088	4,468	139,748
223	1,549	2,145	3,640	12,263	7,970	-	798,443	2,589,974	14,278,366
-	-	-	-	-	-	-	-	-	20,962
-	-	-	-	-	-	-	-	-	582,890
-	-	-	-	-	-	-	-	-	151,487
18,097	-	-	-	259,467	7,415	-	-	-	4,448,537
-	23,838	172	-	-	-	-	454,126	-	1,764,776
-	-	-	-	-	-	-	-	-	4,836,405
18,097	23,838	172	-	259,467	7,415	-	454,126	-	11,805,057
(17,874)	(22,289)	1,973	3,640	(247,204)	555	-	344,317	2,589,974	2,473,309
-	-	-	-	-	-	-	-	-	2,182,946
-	-	-	-	-	-	-	-	-	2,182,946
(17,874)	(22,289)	1,973	3,640	(247,204)	555	-	344,317	2,589,974	4,656,255
50,670	302,760	403,680	625,982	2,370,187	1,500,165	(1,297,968)	-	-	14,285,201
32,796	280,471	405,653	629,622	2,122,983	1,500,720	(1,297,968)	344,317	2,589,974	18,941,456

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Teton County Court Supervised Treatment Program
Required Financial Reporting

TETON COUNTY COURT SUPERVISED TREATMENT PROGRAM
SCHEDULE OF FINANCIAL POSITION
June 30, 2018

Assets:		
Accounts receivable		\$ <u>20,506</u>
Total assets		<u>20,506</u>
Liabilities:		
Payable to general fund pooled cash		6,946
Accounts payable		<u>13,560</u>
Total liabilities		<u>20,506</u>
Fund balance		<u>-</u>
Total liabilities and fund balance		\$ <u>20,506</u>

TETON COUNTY COURT SUPERVISED TREATMENT PROGRAM
SCHEDULE OF ACTIVITIES AND FUNCTIONAL EXPENSES
Year Ended June 30, 2018

Revenues:

State grants	\$ 66,595
Program participant fees	5,224
Contributions from Teton County	38,122
Contributions from Town of Jackson	<u>33,600</u>
 Total revenues	 <u>143,541</u>

Expenses:

Administrative	87,373
Treatment and supervision	40,140
Travel and training	<u>16,028</u>
 Total expenses	 <u>143,541</u>

Net change in fund balance	\$ <u><u>-</u></u>
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Governmental Audit Reports

TETON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Agriculture (USDA)</u>			
Direct Program:			
Schools and Roads Cluster:			
Secure Rural Schools - Title I	10.665	None	612,767
Passed through Wyoming Department of Health:			
Special Supplemental Nutrition Program For WIC	10.557	None	8,680
Passed through Wyoming State Forestry Division:			
Cooperative Forestry Assistance - SFA Fire Training	10.664	13-DG-1104-6000-614, 15-DG- 1105-2000-039	49,879
Total USDA			<u>671,326</u>
<u>U.S. Department of Transportation (DOT)</u>			
Passed through Wyoming Department of Transportation:			
Highway Safety Cluster:			
BJA-Selective Traffic Enforcement	20.616	DUI 405D	10,727
Total Highway Safety Cluster			<u>10,727</u>
Total DOT			<u>10,727</u>
<u>U.S. Department of Health and Human Services (HHS)</u>			
Passed through Wyoming Department of Family Services:			
Family Planning Services	93.217	None	16,659
Temporary Assistance For Needy Families Cluster:			
Temp Assistance for Needy Families - Climb	93.558	None	71,234
Temp Assistance for Needy Families - Pub Hlth	93.558	None	58,000
Total Temporary Assistance for Needy Families Cluster			<u>129,234</u>
Passed through Wyoming Department of Health:			
All Hazards (PH Emer Preparedness)	93.069	None	83,000
County Health Officer	93.069	None	9,600
Community Services Block Cluster:			
WY Rural & Frontier Health CSBG Tripartite	93.569	None	47,188
Total Community Services Block Cluster			<u>47,188</u>
Total HHS			<u>285,681</u>

TETON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Homeland Security (DHS)</u>			
Passed through Wyoming Office of Homeland Security:			
Homeland Security Cluster:			
FY 2015 HSGP	97.067	15-GPD-TET-SC-HSG15	3,744
FY 2015 HLE	97.067	15-GPD-TET-LS-HLE15	2,238
FY 2015 HRT	97.067	15-GPD-RR8-RR-HRT15	17,053
FY 2016 HSGP	97.067	16-GPD-TET-SC-HSG16	15,108
FY 2017 HRT	97.067	17-GPD-RR8-RR-HRT17	<u>900</u>
Total Homeland Security Cluster			39,043
FY 2017 FEMA - Disaster Grants-Public Assistance	97.036	4306-DR-WY-PISWY500	21,466
FY 2017 EMPG	97.047	17-GPD-TET-EM-GCF17	<u>74,084</u>
Total DHS			<u>134,593</u>
Total Expenditures of Federal Awards			\$ <u><u>1,102,327</u></u>

TETON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

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 provided in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

Title 2 U.S. *Code of Federal Regulations* Part 200 requires that the Schedule 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

Title 2 U.S. *Code of Federal Regulations* Part 200 establishes the levels of expenditures or expenses and other criteria to be used in defining major programs. Major programs have been noted in the Schedule of Findings and Questioned Costs in accordance with those definitions.

Indirect Costs

The County has not elected to use the 10% de minimis indirect cost rate.

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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
Teton County
Jackson, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Teton County, Wyoming (the County) as of and for the year ended June 30, 2018, 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 14, 2018. Our report includes a reference to other auditors who audited the financial statements of Teton County Weed and Pest Control District (a discretely presented component unit), and Teton County Building Corporation (a blended component unit), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 14, 2018



Certified Public Accountants

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

To the Board of County Commissioners
Teton County
Jackson, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Teton County, Wyoming's (the County) compliance with the types of compliance requirements described in the *OMB 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstance.

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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jones Simkins LLC

JONES SIMKINS LLC

Logan, Utah

December 14, 2018

TETON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

A. Summary of Auditors' Results

1.	Type of Report issued:	Unmodified
2.	Internal control over financial reporting: Material weaknesses identified:	No
	Significant deficiencies identified that were not considered to be material weaknesses:	None reported
3.	Non-compliance material to financial statements noted:	No
4.	Internal control over major programs: Material weaknesses identified:	No
	Significant deficiencies identified that were not considered to be material weaknesses:	None reported
5.	Type of auditor's report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):	None
7.	Federal programs tested as major programs:	Schools and Roads Cluster CFDA # 10.665
8.	Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
9.	Auditee qualification as high or low risk:	Low

TETON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

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

None

- C. Findings and Questioned Costs Related to Federal Awards Required to be reported in accordance with the Uniform Guidance.

None

TETON COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(Client Submitted Document)
Year Ended June 30, 2018

None required as there were no findings or questioned costs related to federal awards required to be reported in accordance with Uniform Guidance in the prior year.

TETON COUNTY
CORRECTIVE ACTION PLAN
(Client Submitted Document)
Year Ended June 30, 2018

No corrective action plan required as there were no findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*.