

CARBON COUNTY, WYOMING
FINANCIAL AND COMPLIANCE REPORT
June 30, 2005

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Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued a report dated October 6, 2005, on our consideration of Carbon County's internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carbon County, Wyoming basic financial statements. The supplementary information statements are presented for purposes of additional analysis and are 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Federal Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Carbon County. The supplementary information statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mader Ischachen Peterson & Co., LLC

Laramie, Wyoming
October 6, 2005

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2005

Carbon County Government adopted a revised reporting model required by Governmental Accounting Standards for the fiscal year ending June 30, 2005. The government-wide financial statements include a statement of net assets and statement of activities. They are broken down by governmental activities. These statements are presented on the accrual basis of accounting.

The external auditors examine county fiscal documents to obtain reasonable assurance that our financial statements are free of material misstatement. The external auditors also perform tests to ascertain Carbon County's internal control over financial reporting.

The County's governmental financial statements include the general fund, special revenue funds: Library Fund, Weed and Pest Control Fund, Fair Board Fund, Museum Fund, and Charles W. Jeffrey, M.D. Memorial Center Fund, and Fiduciary Funds the County maintains for other entities. All financial statement definitions are defined in the notes to the financial statements. The modified accrual basis of accounting is used for the governmental fund financial statements.

This fiscal year is the third undertaken under Rule 34 of Government Accounting Standards Board (GASB). The County made and completed by July 1, 2004 an extensive effort to quantify and to provide an estimated value for all of its infrastructure, other assets and buildings.

HIGHLIGHTS – FISCAL YEAR 2004-2005

Major impacts on the Carbon County Government fiscal budget for the fiscal year 2004-2005 are highlighted as follows:

- The new Carbon County Detention and Communications Center was completed and occupancy is expected in July 2005.
- The Senior Center at Medicine Bow, Wyoming was completed
- Reconstruction of the Seminoe Dam Road Phase IV continues.
- The Courthouse Heating and Air Conditioning System installation was nearly completed.
- Revenue increased approximately \$2,130,621 for the year ended June 30, 2005. Expenses increased approximately \$1,933,391 over 2004. The grants were up by \$3,420,581. This is attributed to the jail project. The 2004 projected general fund revenues decreased from \$20,293,478 to \$12,092,114. Again, this is attributed to the jail project grant funds.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

- The County's assessed property valuation increased \$177,612.320 per each mill, for 2004-2005. Property taxes increased by approximately \$2,000,000 from 2004.
- The general overall long-term debt is minimal. However, the County has incurred a debt in the form of lease purchase agreement of \$1.4 million for the heating system and \$649,275.00 for the telecommunications system, and lease purchase for two pieces of Road and Bridge equipment.
- Amendments were made to the approved County budget for the fiscal year ended June 30, 2005 for Jeffrey Center and Road and Bridge budgets.

FUTURE IMPACTS ON THE FISCAL YEAR ENDING JUNE 30, 2006

The following are anticipated to affect the fiscal year ending June 30, 2005 budget:

- First year expenses for operation of the Carbon County Detention Center.
- Fuel and oil prices continue to rise.
- Potential acquisition and upgrade of the Seminoe Boat Club road;
- Purchase of a \$140,000 Fire tender, partially funded by a \$70,000 State Land Investment Board Grant is anticipated.
- The purchase of a building and foundation for a new Hanna Medical Clinic is proposed;
- Homeland Security funding is estimated to exceed \$500,000.
- Projects funded through grants are estimated to increase;
- The County Employees Health Insurance Self Insured program is estimated to increase by 17%;
- Staffing needs are anticipated to increase in the following areas; two positions in Economic Development, District Court Clerk's office, and Buildings, and Building Enforcement.
- Help American Vote Act requires that all voting areas be accessible and that there will be necessity to reevaluate the voting places, voting systems, and to have Direct Recording Electronic Voting Machine's in every polling place. Equipment is to be purchased by the State of Wyoming to meet compliance issues. Many meetings were held with the State and Vendors to facilitate compliance. Installation and testing will continue into 2006.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

- General building maintenance and improvements are anticipated to increase; there will be an undetermined amount to renovate the top floor of the Courthouse for offices, and remodel of the third floor. The courthouse facility will require additional renovation as the facility is continuing to age.
- Long-term debt associated with the heating and air conditioning project and telecommunications for the Carbon County Courthouse is ongoing. However, no bonded indebtedness is anticipated.

DEPARTMENT REPORTS

Summaries of each County Elected Officer and Department reports for the fiscal year 2004-2005 are incorporated with this management analysis. Such is provided for a more comprehensive report as to the "State of the County."

CARBON COUNTY ATTORNEY – DAVID C. CLARK

The goal of the County Attorney is to maintain full staff with competent, experienced attorneys and secretaries. Currently there are 4 ½ attorneys; the latest hire having 18 years experience. The secretarial staff has over 20 years of combined service. The office has started to schedule individuals for sex offender classification for risk of re-offend hearing and to meet new legislative mandates. The office is continually dealing with an increased case load due to the oil and gas development.

The County Attorney's office worked with any of the community agencies needing assistance. There is an ongoing association with the Prosecutors Association on legislation, especially Juveniles and Emergency Detentions. The office is also working toward more monetary assistance from the State.

The County Attorney's office continues to apply for and hopes to continue to send attorneys to the National District Attorneys Association classes. One employee attended these classes. The classes are of little to no cost to the County Attorney's office, but provide excellent training.

CLERK OF DISTRICT COURT – LINDY SCHMIDT

The Clerk of the District Court's volume of work increased steadily in 2004-2005. Because of continued increase in responsibilities, the Clerk was unable to attend some meetings and training.

A new staff position is proposed for 2005-2006 due to increase in activity.

The Clerk of the District Court served on three councils that she was appointed to serve on by the Wyoming Supreme Court. This service was rewarding and resulted in the court office running more efficiently.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

CARBON COUNTY CLERK – LINDA ANN SMITH

General County Clerk Overview

The County Clerk's Office has continued to be a busy, productive office. The general office focused its efforts on provision of customer services in vehicle titles, land records, Uniform Credit Code filings, payables, and elections. The year 2004 was a busy election year. In addition, the election office is continuing to update, purge and participate in the implementation of a new voter registration statewide system. The office is also moving toward implementation of additional voting equipment and its full implementation by January 2006 to meet the mandates of the Help America Vote Act.

Four major projects have continued to impact the office in terms of accounts payable, contract management and oversight. These are: the jail construction, Medicine Bow Senior Center, Telecommunications project and the renovation of the heating and cooling system for the courthouse.

The numbers of grants from outside sources also continue to increase and this office is participating more in the payables and compliance issues.

Fees generated by this office reached \$209,372; it's highest in six years, at year's end 2004. The anticipate revenue for year's end 2005 is \$200,000. The number of vehicle titles increased slightly, and is anticipated to increase substantially as coal bed methane and gas production increases, and an influx of workers steadily grows.

CSA upgraded the software and hardware computer systems for the Clerk, Treasurer and Assessor. These upgrades will allow the clerk's land records from 1992 to date, to be, in time, placed on the Internet.

The land records have maintained certifications up to date, and continue to work on updating records in the data bank. The preservation of the older tract books is moving very slowly. The Clerk has continued to search for a more technological and cost effective way to scan microfilm into the system. This project would encompass 85,333 documents, with a total page count of 457,910.

The Commissioners approved a new position last year for the Clerk's office. That allowed more time to be devoted to accounting and tracing of grant funds in payables. The staffing pattern has remained basically the same as under previous administrations, with one addition.

Records Management/Liquor Licenses:

The records management department continues to receive records from the Clerk, County Attorney, Treasurer's Office and Circuit court. Circuit Court is storage only. There are number of older records in the Sheriff's garage which will need to be dealt with in the upcoming year, or when the remodeling on the courthouse begins. This position also provides clerical assistance to GOG, Chief Deputy and handles liquor license processing.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

Grants, Payable, Accounting:

This division continues to see an increase in activity due to grant administration, and county projects. The Community Service Block Grant is administered through the Clerk's Office. Mini grants are given for child care assistance, development of resource information, prevention of drug and violence with at risk and low income youth, accessible transportation for seniors, emergency health assistance through Public Health, parenting skills, and medical support to women.

This department continues to see an increase in grant related activities. There are numerous Homeland Security grants, juvenile justice grants, fire strike funds, fire truck grant, jail financing, heating and cooling financing, telecommunications financing, and construction of the Medicine Bow Senior Services Building in Medicine Bow. The Clerk's office was also involved in obtaining a TEAL grant and is administering this grant. Homeland security has an excellent grant coordinator who manages the Homeland Security grant process, however the department is involved in making warrants and fiscal management. The County had its first federal grant audit in 2004, because federal grant audit in 2004, because federal grants have gone over the threshold of \$300,000.

As a result of the telecommunications update this department is now responsible for the telecommunications system management, the accounting system for the phone system and will also have the courthouse heating and cooling system conservation tracking system to handle.

Land Office Projects:

This department continues to be up to date on recordings. The staff continues to make progress on checking the images and reinserting documents lost or poorly filmed in over 216,766 pages from 1992 to 2005 in the computer system. The tract book preservation project has moved in a very slow, tedious way, and the Clerk is seeking a better way of preserving the data. The staff is currently working on 1994 records, and it is expected that within one year this project will be completed.

Human Resources, Insurance, Utilities, Assets:

The major emphasis in this department, in addition to regular payroll needs, the department rearranged personnel files to comply with best personnel practices, and reviewed documents and services so that it would be in compliance with HIPPA. A large portion of the Chief Deputy and Clerk's time was devoted to working with consultants to implement a new communications system in the Courthouse. The chief deputy also dealt with gas pricing for the county buildings, handling daily health, liability and building insurance concerns. The self-funded health insurance remains healthy.

The Chief Deputy is working toward designing a web site for the Clerk's Office.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

Elections:

The department conducted a presidential year election. The voter turnout was record, at 120% new registrations (voter registration prior to Primary vs. numbers in November). The Elections office continues to work with the Secretary of State's Office and County Clerk's Association to implement and program the new statewide voter registration system. Carbon County expects to receive the new equipment for the voter registration project in August, and the new voter accessible voting machines (DRE's) by January 2006. A survey of every polling place was done, and there remain 4 precincts that the Clerk is working on to mitigate the accessibility issues prior to the 2006 elections.

Custodial, Courthouse, Administration:

The clerk supervises three custodians for the courthouse. After the long year of implementing the telecommunications system and the heating/cooling system, the building will be in need of a good cleanup. The grounds have improved greatly with the sprinkler system.

Financing was found and the heating and air conditioning system project began in June 2004 and will finish in August 2005. The telecommunications system was assessed, bids were obtained, and the system was implemented during 2005.

Plumbing issues will become a challenge in the future. Maintenance on the exterior stairways and handrails are needed. Painting the terracotta surfaces and masonry work is still a need. The County Attorney, District Court Clerk and District Judge are working with the architect to design the top floor where the jail currently is, and remodel both the courtroom and jail floors.

The Clerk is continuing to perform contract management coordination as needed on jail construction, and serves on the Joint Powers Board for the bonding of the jail. The Medicine Bow Senior Center was completed this year with very successful results.

CARBON COUNTY SHERIFF'S OFFICE – J. R. COLSON

The Sheriff's Department participated in the following outreach programs: D.A.R.E., Kid Care, Home Alone, Mounted Patrol, K-9 Unit, and six separate Search and Rescue Units. These programs serve children, parents, and senior citizens. The Department coordinated with schools, civil organizations and health care professionals for public service, education, and public relations. Since 1991, the Sheriff's office has collected 548 bags of trash on I-80 for the Adopt-a-Highway program. Awards were received for Volunteer Recognition from the Child Development Center, for the landscaping at the new jail from the Rawlins Tree Advisory Group and an award from C.O.V.E.

A grant paid for a Deputy assigned to a drug task force.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

The Carbon County Sheriff's Department participated in the inmate extradition shuttle program saved extradition costs. D.A.R.E. and Home Alone programs are funded by fundraisers and donations. The "I'm a Winner Day" was coordinated by the Victim/Witness Coordinator and was presented to the 6th, 7th, and 8th graders at the Saratoga High School. This was put together with volunteer time and donations from the community.

For year 2005, the County received a reimbursement of fuel costs for Forest Road Patrols from the State of Wyoming in the sum of \$5700.00. Homeland Security monies in the sum of \$33,981.20 was set aside for security cameras and panic buttons in the Courthouse. Search and Rescue was reimbursed by the State of Wyoming.

An electronic monitoring program for juvenile and adult inmates continues with inmates paying \$5.00 per day to be on the monitor. The County charges various municipalities \$15.00 per day per inmate. The cost to the County for each monitor is \$3.85 per day. As of April 1, 2005, the Treasurer has received \$2,000.00 in fees.

VIN inspections brought \$2,681.00 into the County for the fiscal period prior to April 1, 2005. The County received \$24,577.00 in fees for civil process as of April 1, 2005 as well as \$24,577.00 in fees for civil process. Additionally, billing for inmate housing bought in \$26,536.00 from other agencies.

CARBON COUNTY TREASURER'S OFFICE – CINDY BALDWIN

The Carbon County Treasurer's Office hosted the WCTA Spring Meetings in May, 2005. Treasurers from the various Counties as well as the Department of Revenue, Department of Transportation and many representatives from several security and investment organizations attended.

The Treasurer's Office continues working with the Commissioners, Sheriff, County Clerk, and the Joint Powers Board for the new detention facility. In addition, the Treasurer's Office has worked with the Department of Revenue, Department of Family Services and Senior Centers across Carbon County, to change and lower requirements for qualifications for the state-wide property tax relief.

The Treasurer is also working toward the completion and payoff of the new communications system and HVAC system.

The Treasurer was appointed to the "IMPAC Committee" through the WCTA, as their representative to Department of Audit and Department of Revenue. The Treasurer is working through the challenges of mineral valuation and reporting and is working toward an education of legislatures regarding the differences in proportionate profit method and net back procedure.

In addition, the Treasurer's Office is working with the Assessor and Computer Software Associates to transition to the new CAMA system for the State.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

CARBON COUNTY CORONER – NORMAN NEWSOME

The Coroner's office assists in medical examinations (autopsies) referred to them by the Memorial Hospital of Carbon County. They also assist the Sheriff's Office and the City of Rawlins Police Department in investigations where human fatalities have occurred. The number of accidents and autopsies vary from year to year.

CARBON COUNTY ASSESSOR – DARRELL STUBBS

Governor Dave Fruedenthal presented certificates of service to members of the Carbon County Assessor's office.

The Assessor's office is currently working with the Department of Revenue on a new statewide CAMA system.

CARBON COUNTY PLANNING – JONATHAN SCHNAL

Over two hundred zoning cases were approved. There were extensive revisions to the Carbon County Zoning Resolution and amendments adopted on January 6, 2004. Two subdivisions were rezoned. A new electronic database was designed and implemented which would allow for electronic storage and management of building permits, conditional use permits, variances, the county zoning map, data source for G.I.S., cross referencing, and off-site archiving."

County Planning worked with the Wyoming Planning Association and fellow planners in designing regulations and procedures for clarification and land use planning.

The Planning Office continues to partnership with the Economic Development Corporation (EDC).

CARBON COUNTY FIRE DEPARTMENT – DWIGHT FRANCE, FIRE WARDEN

The past year was not as busy for fires as in the past, due mostly to a wetter summer with fewer wildfires. Approximately thirty calls were in the months of March and April. The County Fire Department has been responding with the Rawlins Fire Department on extrication calls in the County and calls have been picked up substantially. The Rawlins branch has saved thousands of dollars by using grants and donated vehicles to build up more fire trucks.

CIG donated a four-wheel drive pickup that was converted to an extrication vehicle, bringing the number of extrication trucks based in Rawlins to two.

The County Fire Department's response to extrication calls has been very good and the Department contributed additional assistance and fire protection. The County Fire Department has been responding to calls outside the City of Rawlins limits to provide additional assistance and fire protection.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

A \$70,000.00 matching grant was obtained for a new water tender to be completed. A similar grant has been requested to replace another aging water tender and the goal is to standardize the water tenders as they are purchased. The new water tender is of dual-purpose design with a Kenworth diesel chassis, two-wheel drive, 1800-gallon water tank, and a 550-gpm PTO type pump. A goal of the Fire Department is to standardize equipment as much as possible.

The County Fire Department has received fifty new mobile radios that are digital compatible radios from Homeland Security and are presently being installed. The Department received a 90-10 matching grant from the BLM last year for \$14,516.00 that is being used to purchase a slip on fire package for a donated CIG pickup. A 90-10% match grant was received from BLM and will be used to purchase a truck from BLM. The Fire Department is also planning a purchase of a new quick attack truck and will sell the old one for \$20,000.

The First Department anticipates another grant from the Wyoming State Forestry that will help mitigate urban interface fire problems. The problem areas were identified in 2004-2005 through a study. This grant will help individuals with some funding to help reduce fire loads and decrease fire danger in urban interface areas.

The County Fire Department's goal is to find a program that will replace most of the water tenders in the County at a faster pace.

GIS – KAREN LARSEN

Rural addressing has been established using a digital base map and site locations which have been provided to the County Sheriff's department. Information has been coordinated with the E-911 system to match phone numbers with addresses. Site visits are accompanied by photographs to digitally locate new structures, which are not clear on aerial maps, which are being used to locate pre-2002 structures. Basic addressing will be done by the end of the 2004-2005 budget year. Ms. Larsen continues to field a variety of requests from County citizens and organizations for addresses and other information.

Work has proceeded in cooperation with the Assessor's Office, Planning, Road and Bridge, and County Extension. Assistance has been given to a variety of entities requesting maps and site locations. Addresses and locations have been provided to the County Sheriff's department to help them respond to emergency calls in specific areas. The GIS Department remains in contact with State and Federal GIS professionals.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

CARBON COUNTY ROAD AND BRIDGE – BILL NATION

Carbon County Road and Bridge assisted several development companies. Ongoing road and bridge repairs continue to enable companies to access roads for energy development. Many of the County's roads received Mag Chloride. Cattle Guards and culverts were installed north of Rawlins. Two major pipe replacement projects in the Saratoga area were completed. Road and Bridge is constantly involved in ongoing maintenance and purchase of needed vehicles and equipment to maintain County roads.

Road & Bridge sponsored a "blade school" in conjunction with Wyoming T2 and BLM. Over 45 owners, operators, and oil field workers participated. In cooperation with Anadarko, gravel was hauled for County Rd. 608. In September, the Road & Bridge Department, using a Fire Fighting Dozer, worked together with three US Forest Services, one BLM, and two Carbon County Fire trucks to contain a fire

Road and Bridge has worked with WYDOT, Ames Construction, PMPC, and other community based companies on various projects.

Community input from around Carbon County continues to be positive. The Road and Bridge Department has successfully maintained Carbon County's county roads.

CARBON BUILDING – KANDIS PEACH

The Carbon Building provided office space for eighteen public service agencies in the year 2004 and 2005. Since May of 2002 there has been no vacant space. There were miscellaneous improvements to the Carbon Building consisting of nine offices in the library receiving new carpet and paint. Road & Bridge and WIC offices also received new carpet, and the east and west entrance locks were replaced.

Long and Associates continue to maintain the existing HVAC System. Two air conditioning unites were replaced.

On going elevator maintenance continues through Kone.

There were three paying tenants of the Carbon Building generating income. Provision of office space for public service agencies necessitated contact with each agency. These agencies were provided with needed office space that might not otherwise be available to them.

CARBON COUNTY EXTENSION – WARREN CRAWFORD

The Extension office currently has a total of 288 adult volunteer leaders currently working with over 1,950 Carbon County youth, providing educational activities at clubs, camps, clinics, contests and by chaperoning youth, as well as school enrichment and after-school programs. Of those 45,000 hours, 33,000 were spent working directly with youth. Volunteers contribute over \$580,000 to Extension's youth programs in Carbon County annually.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

The Extension office collaborated or participated in interagency cooperation with many agencies and groups, specifically: FFA Associations, Chambers of Commerce, Fair Board, Youth Interagency Coalition, Platte Valley Readiness Team, Home School Association, School District #1, School District #2, Stock Growers, Wool Growers, Ag in the Classroom, Conservation Districts, NRCS, Barn Again Program, and local media. One thousand nine hundred twenty one students were directly taught. Media and newsletters had the potential to reach 37,345 more.

Awards and recognition were presented as follows;

University of Wyoming Cooperative Extension Service – New Employee of the Year
Wyoming Association of Extension 4-H Agents – State Excellence in Teamwork Award
Wyoming Association of Extension 4-H Agents – State Beyond Youth Leadership Award
National Association of Extension 4-H Agents – National Beyond Youth Leadership Award.

KN for Kids Grants was used to purchase resource materials to support 4-H programs and for Ag Expo for all 4th graders in Carbon County. A CC Recreation Board #1 Grant expanded outdoor recreation opportunities in Carbon County. A Daniels Fund Grant funded a State-wide VISTA volunteer program to provide opportunities for involvement for at risk children. General public donations were accepted for the newly formed 501(c)3 non-profit Carbon County 4-H Foundation. The Wyoming Game and Fish Commissioner and Wyoming hunting license was donated to CC 4-H Foundation, City Market/Kroger donated money through the City Market Cares program to CC Leaders' Council. Cabela's, Browning, NRA, Hornady, Thompson Center Arms, and Remington Arms donations were all used to support the "Big Buck & Trophy Trout" program.

Agriculture Educator – Zola Ryan:

The Agriculture Educator presented a Producer Education and Rural Living Seminar, a Chronic Wasting Disease Seminar, BLM Standards and Guidelines Seminar, Range Monitoring, Horticulture, Water Rights, Small Acre Management and Small Business Seminars. Plans included a Wyoming Rangeland Management School 101, youth natural resource curriculum, research on using goats for weed control, weed management education, water quality education and small acreage management.

The Wyoming Rangeland Management, with 30 attendees, was sponsored in conjunction with the Wyoming Section of the Society for Range Management, BLM, Medicine Bow Conservation District, US Forest Service and Cooperative Extension Service for the Rawlins School. The Extension office also worked with BLM, UW Department of Renewable Resources and Saratoga-Encampment-Rawlins Conservation District on research to identify seasonal effects of precipitation on range forage production.

The Agriculture Educator Department received a Rookie of the Year – 4-H Japanese Exchange Program (LABO) and was also Elected Chairman of SMRR.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

Eight hundred dollars was received for a kids grant for youth natural resource curriculum, \$500 for providing trade adjustment assistance training to salmon fisherman, which was used for purchase of equipment for the Carbon County office. The department is currently working with the Conservation Districts, RC & D Council and NRCS to provide small acreage education to Carbon County Residents.

Sensible Nutrition:

The Nutrition program visited students to educate them on making proper food choices.

Coordination efforts with the Department of Family Services, Women, Infants, and Children, Child Development Center, Head Start, Mountain View and Pershing Schools, Cooperative School, Rawlins/Saratoga Senior Center, Rawlins Recreation Center, Hanna low income housing, Stagecoach low income housing, Wyoming Family Planning, Memorial Hospital children's clinic, Rawlins/Saratoga Public Health, New Beginnings, Rawlins/Saratoga Library provided programs to feed families nutritiously on low income, and also resulted in the distribution of cookbooks.

Funding for Cen\$ible Nutrition was obtained through a grant written on the State level through the University of Wyoming to fund the program. The grant uses food stamp guidelines to determine clientele. Grant monies also pay for salaries, education, and other materials for classes.

Vista Program:

An after-school workshop was set up in Saratoga and Encampment. There were a total of 219 participants and 21 community volunteers for topics including cake decorating, leather craft, fly tying, quilting, scrap booking, and more.

Throughout the year, the Vista Volunteer worked with the Platte Valley Community Readiness Team, Platte Valley Arts Council, Big Brother and Big Sisters, Platte Valley Chamber of Commerce and others.

The volunteer also received \$190.00 in in-kind donations. She also applied for grants from KN for Kids and the Carbon County School District #2 Recreation Board to pay for supplies for the continuation of the program.

PUBLIC HEALTH – BRIDGETT HETTGAR, R.N., MANAGER

This past flu season Public Health worked with all county physicians, nursing homes, hospital and clinics to provide flu vaccine to all those at high risk. Supplies were shared with the hospital and other counties that had no vaccine.

Public Health has worked with both School Districts #1 and #2 in providing needed vaccinations to children, staff, and teachers in the school system. Public Health has provided vaccinations to all DOT employees throughout the County. Flu vaccines were offered at Sinclair Refinery, BP Amoco employees, and Northern Pipeline employees in Wamsutter.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

Public Health recognized Mary Golden for five years of service. Others recognized were Bridget Hettgar for twenty-five years with the State of Wyoming, and Sue Smith for twenty-eight years. Sue Bartlett was also recognized for twenty-three years. Pam Farster attended extensive training.

Public Health maintains a close working relationship with Project Prevention in obtaining funding for a coordinator for a substance abuse awareness program for teens. We are a board member of Boys & Girls Club Program, Child Development Center, and CRC.

CARBON COUNTY SENIOR SERVICES – THERESA ARCHER, DIRECTOR

The Carbon County Senior Services Incorporated enjoyed steady annual growth in the numbers of senior citizen consumers participating in the programs offered. Chief among the successful efforts included:

- Medicine Bow's old bank building was procured and remodeled. Work continued on getting the building up and running
- Necessary paperwork from the Wyoming Senior Service Board was completed for WSSB grant money. Work is ongoing on other grants needed to keep the organization going.
- A foundation was started for long term success. A goal for annual mailings was set.
- A local grant match was obtained from WYDOT for a new 2005 Allstar Bus.
- Seniors were reimbursed for errands ran with their personal vehicles with a Community Service Block Grant.

CARBON COUNTY JEFFREY MEMORIAL CENTER – ANN TAYLOR, CUSTODIAN

Jeffrey Center handicap accessible restrooms were completed, a new dishwasher installed, a rain gutter project finished and an estimate to fix the water problem in the basement has been received.

Many organizations use the building for regularly scheduled meetings of a few people to conference, conventions, and political gatherings.

Jeffrey Center is a Carbon County owned building and because of the interest of the Board of Commissioners much needed maintenance was caught up this year.

CARBON COUNTY MUSEUM – DENISE PATTON, DIRECTOR

Visitors at the Carbon County Museum were up by 33% by April 2005 due to new signage, brochure placement, the Rawlins Chamber of Commerce, communication with Barn Again, Special Event, traveling exhibition program, special program coverage and communication with in-county visitors.

These efforts resulted in increased service and public relations to both in-county and out-of-county visitors, research support, access to archives, and photography collections.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

Small donations increased by \$2,150.00 overall YTD and corporate/individual donations (project restricted) were \$3,280.00

The Museum won the National Endowment for Humanities – WE THE PEOPLE PROJECT – for Promoting Knowledge and Understanding of American History and Culture.”

Other agencies collaborated with were the Barn Again! Traveling Exhibition committees with staff research time, program materials, volunteer in-kind support, Joint billboard and grant application with the Old Pen. Other museums were invited to submit their information for listing on the Carbon County Museum Website.

In-kind assistance for Rawlins Community Association-Grant was obtained. Other museums were invited to participate in a CCM funded seminar. Volunteer activity through exhibition installation, safety review, building maintenance at eight hours per month totaled ninety-six hours. A local business owner provided a new vacuum at no cost. Foundation group and board activity also contributed in-kind support. Savings of \$2128.00 in wages resulted from closing on Mondays, which is a typically closed day for museums. The staff, Board, and Director have participated in training and attendance at programs for new building planning, museum issues and not-for-profit seminars.

The total dollar amount raised, saved, contributed outside of mill levy and taxes from Carbon County was \$15,395.00.

CARBON COUNTY LIBRARY SYSTEM – VICKI HITCHCOCK, DIRECTOR

The biggest challenge for the 2004-2005 year was staff turnover. Two new Library Branch Managers were hired in Hanna and Medicine Bow necessitating training in all aspects of library work. Three new replacement Circulation Clerks were hired at the Main Library and they were trained as well.

In addition to regular Story Times, Summer Reading Program, Reading Patch Club and Wednesday Afternoon Puppeteers, it has been a goal to reach out to the community by visiting a number of day-care center and pre-schools to read and introduce the library to young children. Project Reach and the Methodist Preschool both regularly visit. The Hospital Care Pavilion is visited weekly. Staff was also involved in St. Vincent de Paul's Christmas basket drive, wrapping gifts, and taking canned goods in lieu of overdue fines. Increased visibility in the community is a result.

The Wyoming Library Association does not present many awards to libraries. However, the statewide library community is small, active and in communication with each other and observing shared high standards. The Carbon County Library System is providing the services and program that most other libraries provide.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

The Gates Foundation awarded a “Staying Connected Grant” for \$6,500 to be used in a 2:1 matching amount. The award may be used to upgrade, replace or add public access computers and printers, or to purchase a laptop and projector for training purposes. The library received \$18,186 in grants from the County Recreation Boards to purchase additional reading materials for children and adults. The Library partners with the federal program Reading s Fundamental and with PacificCorp Foundation for Learning to get free books to kids.

CONCLUSION

The economic outlook of Carbon County Government is considered healthy, but fiscally conservative and well within general accepted governmental accounting standards.

This financial report is designed to provide the County’s citizens, taxpayers, customers, and creditors with a general overview of the County’s finances and to demonstrate the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carbon County Clerk, Linda Ann Smith, 415 West Pine Street, P.O. Box 6, Rawlins, Wyoming 82301.

CARBON COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,230,330
Investments	7,470,705
Receivables:	
Taxes	93,664
Accounts	9,610
Other	19,818
Due from other governments	1,151,245
Prepaid expenses	42,024
Inventories	139,874

NONCURRENT ASSETS

Land	2,099,347
Infrastructure	48,413,438
Buildings and improvements	19,873,011
Equipment	7,568,547
Construction in progress	15,277,894
Less: accumulated depreciation	<u>(35,305,712)</u>
Net capital assets	<u>57,926,525</u>

Total assets	<u>\$ 69,083,795</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 628,690
Accrued compensated absences	305,279
Accrued interest payable	42,066
Deferred revenues	196,631

NONCURRENT LIABILITIES

Due within one year	1,360,163
Due in more than one year	<u>8,091,473</u>
Total liabilities	<u>10,624,302</u>

NET ASSETS

Invested in capital assets, net of related debt	48,474,889
Unrestricted	<u>9,984,604</u>
Total net assets	<u>\$ 58,459,493</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs				
Governmental activities				
General government	\$ 8,451,460	\$ 670,584	\$ 79,618	\$ (7,701,258)
Public safety	2,454,446	81,448	1,928,026	(444,972)
Highways and streets	300,100	910	20,752	(278,438)
Health and welfare	880,236	98,261	182,245	(599,730)
Culture and recreation	945,783	-	277,174	(668,609)
Capital outlay	1,188,352	-	-	(1,188,352)
Interest	66,114	-	-	(66,114)
Depreciation - unallocated	1,617,991	-	-	(1,617,991)
Total governmental activities	<u>15,904,482</u>	<u>851,203</u>	<u>2,487,815</u>	<u>(12,565,464)</u>
General Revenues				
Property taxes				7,848,134
Sales taxes				3,653,550
Other taxes				1,365,835
Interest and investment revenue				319,418
Other				90,965
Payment in lieu of taxes				668,767
Total general revenues				<u>13,946,669</u>
Change in net assets				1,381,205
Net assets - beginning of year (restated- Note 2)				<u>57,078,288</u>
Net assets - end of year				<u>\$ 58,459,493</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2005

	<u>General Fund</u>	<u>Nonmajor - Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and temporary investments	\$ 1,319,496	\$ 910,835	\$ 2,230,331
Investments	7,352,175	118,530	7,470,705
Receivables:			
Accounts receivable	-	9,610	9,610
Taxes	66,221	13,363	79,584
Interest	19,818	-	19,818
Due from other governments	1,151,244	-	1,151,244
Prepaid expenses	40,515	1,509	42,024
Inventory	28,161	111,713	139,874
Total Assets	<u>\$ 9,977,630</u>	<u>\$ 1,165,560</u>	<u>\$ 11,143,190</u>
LIABILITIES			
Accounts payable	\$ 579,474	\$ 49,214	\$ 628,688
Accrued compensated absences	88,379	3,811	92,190
Deferred revenue	196,631	-	196,631
Total Liabilities	<u>864,484</u>	<u>53,025</u>	<u>917,509</u>
FUND BALANCES			
Fund balances			
Restricted for road projects	2,659,170	-	2,659,170
Reserved for prepaid expenses	40,515	-	40,515
Reserved for inventory	28,161	111,713	139,874
Reserved for detention center operating	249,913	-	249,913
Reserved for special projects	257,397	-	257,397
Designated for cash reserve	2,145,000	499,221	2,644,221
Unreserved - undesignated	3,732,990	501,601	4,234,591
Total Fund Balances	<u>9,113,146</u>	<u>1,112,535</u>	<u>10,225,681</u>
Total Liabilities and Fund Balances	<u>\$ 9,977,630</u>	<u>\$ 1,165,560</u>	<u>\$ 11,143,190</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2005

Total fund balances - governmental funds \$ 10,225,681

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

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

Cost of capital assets	93,232,237	
Less accumulated depreciation	<u>(35,305,712)</u>	57,926,525

Long-term liabilities are not due and payable on the current period and therefore are not reported in the governmental funds.

Governmental leases payable	(9,451,636)	
Compensated absences	(213,091)	
Accrued interest on long-term debt	<u>(42,066)</u>	(9,706,793)

Long-term receivables applicable to governmental activities and not due and collectible in the current period and therefore are not reported in fund balance in the governmental funds.

Accounts receivable		<u>14,080</u>
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Total net assets - statement of net assets (governmental activities) **\$ 58,459,493**

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2005

	Governmental Funds		Total Governmental Funds
	General Fund	Nonmajor - Special Revenue Funds	
REVENUES			
Taxes	\$ 11,800,038	\$ 1,332,719	\$ 13,132,757
Licenses and permits	382,187	-	382,187
Intergovernmental	3,187,233	20,752	3,207,985
Program revenue	-	204,580	204,580
Interest	309,780	9,637	319,417
Miscellaneous	194,990	21,918	216,908
Total revenue	<u>15,874,228</u>	<u>1,589,606</u>	<u>17,463,834</u>
EXPENDITURES			
Current:			
General government	8,618,028	-	8,618,028
Public safety	2,607,723	-	2,607,723
Highways and streets	1,156,683	697,021	1,853,704
Health and welfare	883,920	-	883,920
Culture and recreation	174,208	764,842	939,050
Capital outlay	2,390,049	31,024	2,421,073
Debt service:			
Principal retirement	1,352,010	-	1,352,010
Interest	401,789	-	401,789
Total expenditures	<u>17,584,410</u>	<u>1,492,887</u>	<u>19,077,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,710,182)</u>	<u>96,719</u>	<u>(1,613,463)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease obligations	<u>2,054,168</u>	-	<u>2,054,168</u>
Total other financing sources	<u>2,054,168</u>	-	<u>2,054,168</u>
Net change in fund balance	343,986	96,719	440,705
Fund balance, beginning, as restated	<u>8,769,160</u>	<u>1,015,816</u>	<u>9,784,976</u>
Fund balance, ending	<u>\$ 9,113,146</u>	<u>\$ 1,112,535</u>	<u>\$ 10,225,681</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

June 30, 2005

Total net change in fund balances - governmental funds **\$ 440,705**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	3,004,700	
Less current year depreciation	<u>(1,617,991)</u>	1,386,709

Capital lease proceeds provide current resources to governmental funds, but issuing debt increases long-term debt liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments. The construction period interest expense for construction projects in progress is an expenditure in the governmental funds but the interest is capitalized as construction in progress in the statement of net assets.

Capital lease proceeds	(2,054,168)	
Bond principal payments	1,352,010	
Capitalized construction period interest	<u>318,194</u>	(383,964)

Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	(12,520)	
Change in long-term compensated absences	<u>(18,212)</u>	(30,732)

Some revenue reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in governmental funds.

Change in property taxes receivable		<u>(31,513)</u>
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Change in net assets on statement of activities (governmental activities) **\$ 1,381,205**

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2005

	<u>Deferred Compensation</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 3,796,067	\$ 3,796,067
Investments	534,649	-	534,649
Taxes receivable	-	274,495	274,495
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 534,649</u>	<u>\$ 4,070,562</u>	<u>\$ 4,605,211</u>
LIABILITIES			
Due to other tax units	\$ -	\$ 4,070,562	\$ 4,070,562
	<u> </u>	<u> </u>	<u> </u>
NET ASSETS HELD IN TRUST	<u>534,649</u>	<u>-</u>	<u>534,649</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets held in trust	<u>\$ 534,649</u>	<u>\$ 4,070,562</u>	<u>\$ 4,605,211</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended June 30, 2005

	<u>Deferred Compensation</u>
ADDITIONS	
Employee Contributions	\$ 52,712
Investment Income	
Interest and Dividends	14,094
Net Appreciation (Depreciation) in Fair Value of Investments	<u>17,487</u>
Total Investment Income	<u>31,581</u>
Total Additions	<u>84,293</u>
DEDUCTIONS	
Administrative Expenses and Fees	1,691
Participant Withdrawals	<u>53,200</u>
Total Deductions	<u>54,891</u>
Net Increase in Plan Assets	29,402
Net Assets Held in Trust, Beginning of Year	<u>505,247</u>
Net Assets Held in Trust, End of Year	<u>\$ 534,649</u>
See Notes to Financial Statements.	

CARBON COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

- Note 1. Nature of Operations, Reporting Entity, Description of Funds and Significant Accounting Policies

Nature of Operations

Carbon County provides a broad range of services to citizens, including general government, public safety, highways and streets, health, cultural, recreational, conservation, and social services.

The financial statements of Carbon County, Wyoming have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the County's accounting policies.

Reporting Entity

The general purpose financial statements of Carbon County include the accounts of all County operations and those of separately administered organizations that are controlled by or are dependent on the County. Control or dependency is determined by financial interdependency, selection of governing board, and ability to significantly influence operations.

Based on the foregoing criteria, the financial statements of the following entities have been combined with those of the County for the fiscal year ended June 30, 2005:

Carbon County Public Library
Carbon County Fair Board
Carbon County Weed and Pest Control District
Carbon County Museum
Charles W. Jeffrey, M.D. – Carbon County Memorial Center

NOTES TO FINANCIAL STATEMENTS

Description of Funds

The accounts of the County are organized on the basis of funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, equity, revenue and expenditures. The various funds are as follows in the financial statements.

Governmental Funds

General Fund – The General Fund is used to account for all financial transactions not properly includable in other funds. Property taxes, sales tax, license and permit fees, charges for services, fines and forfeitures, and reimbursements provide revenue to the General Fund.

Special Revenue Funds – The Special Revenue Funds account for the proceeds of specific revenue sources used to finance specified activities as required by law or administrative regulation.

Public Library Fund – Accounts for services related to the operation of the County Library.

Weed and Pest Control District Fund – Accounts for services related to weed and pest control in the County.

Fair Board Fund – Accounts for the operation and maintenance of the Carbon County Fairgrounds and the Carbon County Fair and Rodeo.

Museum Fund – Accounts for the County's museum programs.

Charles W. Jeffrey, M.D. – Carbon County Memorial Center Fund – Accounts for the County's general purpose convention center.

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

<u>Fund</u>	<u>Major or Nonmajor</u>
General	Major
Public Library	Nonmajor
Fair Board	Nonmajor
Museum	Nonmajor
Weed and Pest Control District	Nonmajor
Jeffrey Center	Nonmajor

NOTES TO FINANCIAL STATEMENTS

Significant accounting policies followed by the County are as follows:

a) Basis of presentation

Government-wide financial statements – The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, special revenue funds, and the fiduciary funds of the County. The County's major individual governmental fund is reported as a separate column in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

NOTES TO FINANCIAL STATEMENTS

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific County expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

b) Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

c) Inventories

Inventories are accounted for at the lower of cost (first-in, first-out method) or market. Inventories are equally offset by the fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

d) Property taxes and interest receivable, deferred tax revenue, and allowance for uncollectible taxes and interest

Property taxes are levied in the first week of August each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if payment is not made by November 10 and May 10.

The County bills and collects its own property taxes and also collects taxes for the County School District, City of Rawlins and other County districts. Collection of the City of Rawlins and District's taxes and remittance of these are accounted for in the Fiduciary Funds. Property tax revenue represents the 2004 tax levy, which was collectible during the year ended June 30, 2005.

NOTES TO FINANCIAL STATEMENTS

e) Compensated Absences

All regular, full-time employees of the General Fund, Fair Board Fund, Weed and Pest Control District Fund are entitled to vacation leave. Employees accumulate vacation leave hours monthly based on number of years of service with the County. Employees paid by General Fund, Fair Board Fund and Weed and the Pest Control District Fund, will be paid for the unused vacation leave at their salary rate in effect upon termination of employment at a maximum of 480 accumulated hours. The entire vested compensated absences liability is reported in the government-wide financial statements. The liability on the governmental funds financial statements represents the amounts used within 60 days of the County's fiscal year end.

Regular employees of the General Fund accrue sick leave of one day per month. The Fair Board Fund and the Weed and Pest Control District Fund accrue sick leave on the basis of the number of hours worked in a month. Sick leave may be accumulated to a total of sixty (60) working days. The Fair Board Fund and Weed and Pest Control District employees will be paid for one-half (1/2) of their unused sick leave at their salary rate in effect upon termination of employment. General Fund employees will receive payment for one-half (1/2) the current balance of unused sick leave, up to a maximum of 30 days, at the rate of \$50 per day. The liability for the vested sick leave has been included in the government – wide financial statements. The contingent liability for the unvested portions of sick leave as of June 30, 2005, totaled \$305,279.

f) Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with statutory accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

g) Encumbrance Accounting

Encumbrances are not liabilities and, therefore are not recorded as expenditures until receipt of materials or services. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2005.

NOTES TO FINANCIAL STATEMENTS

h) Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements but are not, reported in the governmental funds financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	80
Buildings	60
Building Improvements	10
Equipment	10-20

i) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

NOTES TO FINANCIAL STATEMENTS

j) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

k) Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for road projects, prepaid expenses, inventory and cash reserve.

Note 2. Correction of Errors and Restatement of Fund Balance

During the current year audit certain errors in the prior year financial statements were found. The County reserved funds placed in a separate fund to be used for special projects as determined by the County Commissioners. The balance in this fund at June 30, 2004 was \$850,924 and this was omitted from the fund balance. For the government-wide financial statements, an error in the computation of property taxes receivable was found. The error resulted in an over accrual of property taxes by \$910,249. Additionally, the County entered into a capital lease agreement with the Carbon County Detention Center Facility Joint Powers Board on March 12, 2004. Per the agreement, the County has a capital lease payable. The balance on the capital lease was \$8,600,000 at June 30, 2004. This lease obligation was omitted from the June 30, 2004 financial statement. The underlying asset associated with the lease was also omitted from the June 30, 2004 financial statements. The construction of the Carbon County Detention Facility was in progress at June 30, 2004. There was additional construction costs associated with the facility that were excluded from construction in progress as well. The net affect of this omission was an increase in construction in progress by \$7,276,076 and an asset for the Joint Powers Board commitment to the County in the amount of \$5,606,021 at June 30, 2004.

NOTES TO FINANCIAL STATEMENTS

Fund balance- general fund, July 1, 2004	\$ 7,918,237
Prior period adjustment:	
Funds reserved for special projects	<u>850,923</u>
Fund balance- general fund, July 1, 2004, restated	<u>\$ 8,769,160</u>
Governmental Activities Net Assets, July 1, 2004	\$ 52,868,748
Prior period adjustment:	
Funds reserved for special projects	850,923
Taxes receivable error	(894,783)
Capital lease payable	(8,600,000)
Accrued interest payable	(29,546)
Construction in progress	7,276,925
Receivable from Joint Powers Board	<u>5,606,021</u>
Governmental Activities Net Assets, July 1, 2004	<u>\$ 57,078,288</u>

Note 3. Budgets, Budgetary Basis of Accounting

The County annually adopts a budget and approves the related appropriations for all governmental fund types. The budgets and related appropriations are prepared on the modified accrual basis of accounting.

The adjustments necessary to convert from the modified accrual basis to the budgetary basis of accounting for the general fund and special revenue funds are presented in the following schedule:

General Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 11,800,038	\$ 162,003	\$ 11,962,041
Licenses and permits	382,187	25,221	407,408
Intergovernmental	3,187,233	(741,532)	2,445,701
Interest	309,780	(2,664)	307,116
Miscellaneous	<u>194,990</u>	<u>3</u>	<u>194,993</u>
Total revenues	<u>\$ 15,874,228</u>	<u>\$ (556,969)</u>	<u>\$ 15,317,259</u>
Expenditures:			
General government	\$ 8,618,028	\$ (164,367)	\$ 8,453,661
Public safety	2,607,723	30,257	2,637,980
Highways and streets	1,156,683	280,729	1,437,412
Health and welfare	883,920	(31,517)	852,403
Cultural and recreation	174,208	(104)	174,104
Capital outlay	2,390,049	(714,340)	1,675,709
Principal retirement	1,352,010	(1,352,010)	-
Interest	<u>401,789</u>	<u>(401,789)</u>	<u>-</u>
Total expenditures	<u>\$ 17,584,410</u>	<u>\$ (2,353,141)</u>	<u>\$ 15,231,269</u>

NOTES TO FINANCIAL STATEMENTS

<u>Special Revenue Fund</u>	<u>Actual</u>	<u>Adjustment to Budget Basis</u>	<u>Budget Basis</u>
Revenues:			
Taxes	\$ 1,332,719	\$ (6,744)	\$ 1,325,975
Intergovernmental	20,752	(4,406)	16,346
Program revenue	204,580	8,973	213,553
Interest	9,637	-	9,637
Miscellaneous	21,918	-	21,918
Total revenues	<u>\$ 1,589,606</u>	<u>\$ (2,177)</u>	<u>\$ 1,587,429</u>
Expenditures:			
Highways and streets	\$ 697,021	\$ 3,745	\$ 700,766
Cultural and recreation	764,842	17,145	781,987
Capital outlay	31,024	(4,759)	26,265
Total expenditures	<u>\$ 1,492,887</u>	<u>\$ 16,131</u>	<u>\$ 1,509,018</u>

Legal spending control is at the fund level, however, management control is exercised at the department level. All budget appropriations lapse at the end of the budget year to the extent they are not expended. Budgets may be amended by the County Commissioners through a public hearing process as required by State statute. During the year ended June 30, 2005, no budgets were exceeded.

Note 4. Cash and Investments

In March, 2003, the Governmental Accounting Standards Board issued Statement No. 40 Deposit and Investment Risk Disclosures, effective for financial statement periods beginning after June 14, 2004. Deposit and investment risks were previously addressed in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements. Risk disclosures in GASB Statement No. 3 focused in credit risk, including custodial credit risk. GASB Statement No. 40 updates the custodial risk disclosure requirements of Statement 3 and establishes more comprehensive disclosure requirements addressing other common risks the deposits and investments of state and local governments.

Wyoming Statute 9-4-817 authorizes agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest in. Alternatively, a depository may pledge to deposits with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1 ½:1) of the value of public funds secured by the securities.

NOTES TO FINANCIAL STATEMENTS

The County investment policy specifies that internally invested funds may be invested in a combination of fixed-income, minimal risk instruments and money market funds. Investment goals for internally invested funds are designed to achieve a return to provide income, protect assets from risk and maintain liquidity to meet spending requirements. Investments are limited to collateralized bank certificates of deposits, money market funds or federally guaranteed or insured securities. Custodial services are utilized to safeguard the assets and provide monthly reports.

Deposits

At June 30, 2005, the carrying amount of the County's demand deposits in financial institutions was \$9,114,637. The demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the County. All deposits qualified were held by a qualified depository as outlined in the state statutes.

At June 30, 2005, the County had \$4,608,194 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2005, the County had investments with weighted average maturities as shown in the following table:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
U.S. Government Backed Securities	\$ 55,360	\$ 55,541	0.87
Federal National Mortgage Association	191,344	193,101	4.28
Government National Mortgage Association	75,961	76,330	1.02
Certificates of Deposit	2,418,800	2,418,800	0.72
State of Wyoming Investment Pool	<u>4,726,933</u>	<u>4,726,933</u>	
Total	<u>\$ 7,468,398</u>	<u>\$ 7,470,705</u>	

NOTES TO FINANCIAL STATEMENTS

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 does not have a formal policy for interest rate risk. However, the County does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio ongoing basis for changes in effective yields amounts.

Within the U.S. Government Agency Securities Discount Notes category are Federal Home Loan, Fannie Mae securities and GNMA securities that are highly sensitive to changes in interest rates. The County does not have a formal policy for interest rate risk. However, the risk is mitigated by the review the portfolio ongoing basis for changes in effective yields amounts.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings and insured status of investments that are not rated:

Investment Type	Fair Value	AAA	Insured	Unrated
U.S. Government Backed Securities	\$ 55,541	\$ -	\$ 55,541	\$ -
Federal National Mortgage Association	193,101	-	193,101	-
Government National Mortgage Association	76,330	-	76,330	-
Certificates of Deposit	2,418,800	-	2,418,800	-
State of Wyoming Investment Pool	4,726,933	-	-	4,726,933
Total	<u>\$ 7,470,705</u>	<u>\$ -</u>	<u>\$ 2,743,772</u>	<u>\$ 4,726,933</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of the investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk. Investments are held in safekeeping by external custodians in the County's name.

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2005, the County held securities from the following issuers in excess of 5% of the total portfolio:

Rawlins National Bank	\$ 691,500
Bank of Commerce	1,726,300
State of Wyoming Investment Pool	<u>4,726,933</u>
 Total	 <u>\$ 7,144,733</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The County's policy is not to invest in foreign currency and have no such investments this mitigates their exposure to foreign currency risk.

Note 5. Changes in Fixed Assets

During the year ended June 30, 2005 changes in fixed assets were as follows:

	Governmental Activities			
	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Construction in progress	\$ 7,276,925	\$ 8,000,969	\$ -	\$ 15,277,894
Land	2,099,347	-	-	2,099,347
Infrastructure	48,413,438	-	-	48,413,438
Buildings and improvements	19,672,717	200,294	-	19,873,011
Equipment	6,627,667	1,018,309	77,429	7,568,547
Total	<u>\$ 84,090,094</u>	<u>\$ 9,219,572</u>	<u>\$ 77,429</u>	<u>\$ 93,232,237</u>

NOTES TO FINANCIAL STATEMENTS

Accumulated Depreciation- Governmental

	Governmental Activities			Balance June 30, 2005
	Balance June 30, 2004	Additions	Deletions	
Infrastructure	\$ 20,065,342	\$ 968,269	\$ -	\$ 21,033,611
Buildings and improvements	9,070,396	278,942	-	9,349,338
Equipment	4,629,412	370,780	77,429	4,922,763
Total	\$ 33,765,150	\$ 1,617,991	\$ 77,429	\$ 35,305,712

Note 6. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2005:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Accrued compensated absences	\$ 287,068	\$ 18,211	\$ -	\$ 305,279
Capital lease obligations	8,600,000	2,203,646	1,352,010	9,451,636
Total	\$ 8,887,068	\$ 2,221,857	\$ 1,352,010	\$ 9,756,915

As of June 30, 2005, the governmental long-term debt of the financial reporting entity consisted of the following:

CAPITAL LEASES:

Capital lease payable to the Carbon County Detention Facility Joint Powers Board, due in semi-annual installments ranging from \$708,454 to \$721,534 including interest at 4.18% through June 15, 2011, secured by real estate and detention center construction project in progress. \$ 7,520,000

Capital lease payable to Community First Leasing Services, due in semi-annual installments of \$88,063, including interest at 4.755% through June 1, 2014, secured by real estate 1,277,468

NOTES TO FINANCIAL STATEMENTS

Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$149,478, including interest at 4.75% through February 18, 2010, secured by equipment with a carrying value of \$754,428

654,168

Total Governmental activity debt

\$ 9,451,636

Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2005 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2006	\$ 1,360,163	\$ 393,178	\$ 1,753,341
2007	1,426,404	334,389	1,760,793
2008	1,483,184	272,703	1,755,887
2009	1,550,526	208,589	1,759,115
2010	1,611,621	141,735	1,753,356
2011 - 2015	2,019,738	113,342	2,133,080
	<u>\$ 9,451,636</u>	<u>\$ 1,463,936</u>	<u>\$ 10,915,572</u>

The June 30, 2005 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u>\$ 559,882,048</u>
Debt Limit – 2% of total assessed valuation	\$ 11,197,641
Amount of debt applicable to debt limit	-
Legal debt margin	<u>\$ 11,197,641</u>

Compensated absences:

The County accrues a liability for future vacation benefits. This liability is attributable to employees' services already rendered. The liability for compensated absences is determined at the end of each fiscal year and the portion paid within 60 days of year-end is adjusted to current salary costs. The liability for the total remaining portion is recorded in the statement of net assets (entity wide reporting) for the vested amount owed as of June 30, 2005.

Note 7. Retirement Commitments

All County full-time or regular part-time employees participate in the Wyoming Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2005 was \$4,070,371 and the County's total payroll was \$4,337,803.

NOTES TO FINANCIAL STATEMENTS

All County full-time or regular part-time employees are eligible to participate in the System. Employees who retire at or after age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statute.

The System statutorily requires 11.25% of the covered employees' salary to be contributed to the plan, of which 5.57% is paid by employee and the remaining 5.68% is paid by the County. However, due to special benefits for law enforcement officers, the actual contribution rates are as follows. For miscellaneous employees, 11.22% of the covered employees' salary was contributed to the plan, of which 5.57% was paid by the employee and 5.65% was paid by the County. For law enforcement officers, 14.52% was contributed to the plan, of which 8.77% was paid by the employee and 5.75% was paid by the County. When these two groups are combined together, 12.09% of the covered employees' salary was contributed to the plan, of which 6.41% was paid by the employee and 5.68% was paid by the County. The contribution requirement for the year ended June 30, 2005, was \$553,486 which consisted of \$275,388 from employees and \$278,098 from the County.

Effective in 1996, the System is subject to Statement No. 25 of the Governmental Accounting Standards Board (GASB), "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." GASB 25 requires the System to disclose liabilities using the same methods and assumptions as are used for funding.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2004 annual financial report for the periods for which the information is available.

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The total assets under this plan were \$534,649 as of June 30, 2005. This amount is included in the fiduciary funds as investments.

NOTES TO FINANCIAL STATEMENTS

Note 8. Contingencies

Carbon County is involved in numerous mineral industry, ad valorem and severance tax issues, including threatened litigation, and claims for refunds and rebates. The extent of the possible liability is not known at this time. The tax monies received in protest have been placed in agency funds until such time that the claims have been settled at which time they will be distributed to the applicable taxing entity. In addition, Carbon County has transferred general fund monies together with funds received from other taxing entities to an agency fund until such time as the claims have been settled. These funds are to be used, as necessary, for the cost of the pending litigations.

Note 9. Commitment

The County entered into a contract for the construction of the Carbon County Detention Center. The total amount of the contract, including change orders, is \$11,673,568. The amount completed as of June 30, 2005 was \$10,496,355 leaving a remaining balance on the contract of \$1,177,213. Additionally, the County has a commitment for the balance of the professional architectural fees in the amount of \$226,136 for the total outstanding commitment of \$1,403,349 for the project. The project is being funded by a combination of two grants, County general funds, and a Capital Lease payable to the Carbon County Detention Center Joint Powers Board (see Note 7). The Carbon County Detention Center Joint Powers Board had a cash balance of \$1,061,821 at June 30, 2005 to pay for the additional construction costs for the project. The balance of the contract amount will be paid from county general funds.

Note 10. Risk Management – Claims and judgments

Description

The County's risk management activities are recorded in the General fund. An excess coverage insurance policy covers individual's claims in excess of \$5,000 for each insured during the policy year.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTES TO FINANCIAL STATEMENTS

Claims Liabilities

The County records an estimated liability for health care claims against the County. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the County from July 1, 2003 to June 30, 2005:

Liability balance, July 1, 2003	\$ 71,069
Claims and changes in estimates	1,005,826
Claims payments	<u>(1,010,039)</u>
Liability balance, June 30, 2004	66,856
Claims and changes in estimates	1,327,882
Claims payments	<u>(1,207,389)</u>
Liability balance, June 30, 2005	<u>\$ 187,349</u>
Assets available to pay claims, June 30, 2005	<u>\$ 167,540</u>

The County has implemented voluntary dependent care assistance, flexible benefits, and medical reimbursement plans for their employees whereby an employee may contribute to any of these plans with tax savings. The County does not share in the costs of these plans. All contributions and expenses related to these plans are funded by the employee. A separate cash account has been established where these funds are deposited and the County then administers this account. Any funds contributed to these plans during the year and not used within 30 days after the end of the fiscal year forfeit to the County.

REQUIRED SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2005

	General Fund		Variance Positive (Negative)
	Budget - Original & Final	Actual (Budgetary Basis)	
Revenue			
Taxes	\$ 10,873,144	\$ 11,962,041	\$ 1,088,897
Licenses and permits	462,635	407,408	(55,227)
Intergovernmental	6,263,334	2,445,701	(3,817,633)
Interest	70,070	307,116	237,046
Miscellaneous	<u>527,325</u>	<u>194,993</u>	<u>(332,332)</u>
Total revenue	<u>18,196,508</u>	<u>15,317,259</u>	<u>(2,879,249)</u>
Expenditures			
Current:			
General government	11,613,778	8,453,661	3,160,117
Public safety	3,409,473	2,637,980	771,493
Highways and streets	3,682,928	1,437,412	2,245,516
Health and welfare	886,966	852,403	34,563
Culture and recreation	205,483	174,104	31,379
Capital outlay	<u>1,606,211</u>	<u>1,675,709</u>	<u>(69,498)</u>
Total expenditures	<u>21,404,839</u>	<u>15,231,269</u>	<u>6,173,570</u>
Excess (deficiency) of revenues over (under) expenditures	(3,208,331)	85,990	3,294,321
Fund balance, beginning	<u>8,769,160</u>	<u>8,769,160</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,560,829</u>	<u>\$ 8,855,150</u>	<u>\$ 3,294,321</u>

(Continued)

See Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

CARBON COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2005
(Continued)

Explanation of differences between budgetary revenue and expenditures and GAAP revenue and expenditures:

Revenue:

Actual total revenue budgetary basis	\$ 15,317,259
Differences – Budget to GAAP	
Property and other taxes accrual difference	(162,002)
Grants deferred and receivable difference	741,528
Other receivable differences	<u>(22,557)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 15,874,228</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 15,231,269
Differences – Budget to GAAP	
Compensated absences difference	3,476
Accounts payable accrual difference	175,004
Unpaid claims liabilities accrual difference	120,493
Capital outlay purchased with proceeds from capital lease obligations	<u>2,054,168</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 17,584,410</u>

See Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

CARBON COUNTY, WYOMING

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL**

June 30, 2005

A. Budgetary Basis

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all the General Fund. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on page 37. All annual appropriations lapse at year end.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The government's department heads, with the County Commissioners' approval, may make transfers of appropriations within a department or division. Transfers of appropriations between departments and/or divisions require approval of the County Commissioners'. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2005, there were no instances of excess of expenditures over appropriations in the General Fund.

OTHER SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2005

	Special Revenue Funds		Variance Positive (Negative)
	Budget Original & Final	Actual (Budgetary Basis)	
Revenue			
Taxes	\$ 1,368,314	\$ 1,325,975	\$ (42,339)
Intergovernmental	1,355	16,346	14,991
Program revenue	203,200	213,553	10,353
Interest	8,805	9,637	832
Miscellaneous	3,000	21,918	18,918
Total revenue	<u>1,584,674</u>	<u>1,587,429</u>	<u>2,755</u>
Expenditures			
Current:			
Highways and streets	750,101	700,766	49,335
Culture and recreation	854,468	781,987	72,481
Capital outlay	111,000	26,265	84,735
Total expenditures	<u>1,715,569</u>	<u>1,509,018</u>	<u>206,551</u>
Excess (deficiency) of revenues over (under) expenditures	(130,895)	78,411	209,306
Fund balance, beginning	<u>1,015,816</u>	<u>1,015,816</u>	<u>-</u>
Fund balance, ending	<u>\$ 884,921</u>	<u>\$ 1,094,227</u>	<u>\$ 209,306</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS**

June 30, 2005

	Weed and Pest	Fair	Library	Museum
ASSETS				
Cash	\$ 380,052	\$ 194,594	\$ 119,056	\$ 151,780
Receivables				
Taxes	5,803	984	4,645	932
Accounts	9,610	-	-	-
Inventory	111,713	-	-	-
Investments	-	-	118,530	-
Prepaid expenses	1,509	-	-	-
	<u>508,687</u>	<u>195,578</u>	<u>242,231</u>	<u>152,712</u>
Total Assets	<u>\$ 508,687</u>	<u>\$ 195,578</u>	<u>\$ 242,231</u>	<u>\$ 152,712</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 41,775	\$ 4,759	\$ -	\$ 2,680
Accrued liabilities	371	-	3,440	-
Deferred Revenue	-	-	-	-
	<u>42,146</u>	<u>4,759</u>	<u>3,440</u>	<u>2,680</u>
Total liabilities	<u>42,146</u>	<u>4,759</u>	<u>3,440</u>	<u>2,680</u>
FUND BALANCES				
Reserved for inventory	111,713	-	-	-
Designated for cash reserve	165,500	115,300	176,085	42,336
Unreserved - undesignated	189,328	75,519	62,706	107,696
	<u>466,541</u>	<u>190,819</u>	<u>238,791</u>	<u>150,032</u>
Total fund balances	<u>466,541</u>	<u>190,819</u>	<u>238,791</u>	<u>150,032</u>
Total Liabilities and Fund Balances	<u>\$ 508,687</u>	<u>\$ 195,578</u>	<u>\$ 242,231</u>	<u>\$ 152,712</u>

<u>Jeffrey Center</u>	<u>Total</u>
\$ 65,353	\$ 910,835
999	13,363
-	9,610
-	111,713
-	118,530
-	1,509
<u>\$ 66,352</u>	<u>\$ 1,165,560</u>
\$ -	\$ 49,214
-	3,811
-	-
-	53,025
-	111,713
-	499,221
66,352	501,601
66,352	1,112,535
<u>\$ 66,352</u>	<u>\$ 1,165,560</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN
FUND BALANCES – SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2005

	Weed and Pest	Fair	Library	Museum
Revenues				
Taxes	\$ 633,371	\$ 114,713	\$ 412,020	\$ 77,475
Intergovernmental	-	-	20,752	-
Interest	3,313	738	2,384	3,107
Program Revenue	155,832	27,606	12,881	8,261
Donations	-	21,073	-	-
	<u>792,516</u>	<u>164,130</u>	<u>448,037</u>	<u>88,843</u>
Total revenues				
Expenditures				
Cost of goods sold	172,788	-	-	-
Personnel	212,193	44,724	344,315	26,243
Capital	-	10,502	5,982	508
Supplies	14,710	942	17,726	37,416
Other	297,330	104,763	84,849	26,546
	<u>697,021</u>	<u>160,931</u>	<u>452,872</u>	<u>90,713</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	95,495	3,199	(4,835)	(1,870)
Fund balances, beginning	<u>371,046</u>	<u>187,620</u>	<u>243,626</u>	<u>151,902</u>
Fund balances, ending	<u>\$ 466,541</u>	<u>\$ 190,819</u>	<u>\$ 238,791</u>	<u>\$ 150,032</u>

<u>Jeffrey Center</u>	<u>Total</u>
\$ 95,140	\$ 1,332,719
-	20,752
95	9,637
-	204,580
<u>845</u>	<u>21,918</u>
<u>96,080</u>	<u>1,589,606</u>
-	172,788
43,323	670,798
14,032	31,024
8,338	79,132
<u>25,657</u>	<u>539,145</u>
<u>91,350</u>	<u>1,492,887</u>
4,730	96,719
<u>61,622</u>	<u>1,015,816</u>
<u>\$ 66,352</u>	<u>\$ 1,112,535</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WEED AND PEST SPECIAL REVENUE FUND**

For the Year Ended June 30, 2005

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 558,659	\$ 622,241	\$ 63,582
Interest	2,300	3,313	1,013
Program revenue	<u>130,500</u>	<u>154,907</u>	<u>24,407</u>
Total revenues	<u>691,459</u>	<u>780,461</u>	<u>89,002</u>
Expenditures			
Highways and streets	750,101	700,766	49,335
Capital Outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>780,101</u>	<u>700,766</u>	<u>79,335</u>
Excess (deficiency) of revenues over (under) expenditures	(88,642)	79,695	168,337
Fund balance, beginning	<u>371,046</u>	<u>371,046</u>	<u>-</u>
Fund balance, ending	<u>\$ 282,404</u>	<u>\$ 450,741</u>	<u>\$ 168,337</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FAIR BOARD SPECIAL REVENUE FUND**

For the Year Ended June 30, 2005

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 119,972	\$ 115,764	\$ (4,208)
Interest	205	738	533
Program revenue	29,700	37,857	8,157
Donations	-	21,073	21,073
	<u>149,877</u>	<u>175,432</u>	<u>25,555</u>
Total revenues			
Expenditures			
Culture and recreation	148,548	150,429	(1,881)
Capital Outlay	45,000	5,743	39,257
	<u>193,548</u>	<u>156,172</u>	<u>37,376</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(43,671)	19,260	62,931
Fund balance, beginning	<u>187,620</u>	<u>187,620</u>	<u>-</u>
Fund balance, ending	<u>\$ 143,949</u>	<u>\$ 206,880</u>	<u>\$ 62,931</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LIBRARY SPECIAL REVENUE FUND**

For the Year Ended June 30, 2005

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 522,318	\$ 414,322	\$ (107,996)
Intergovernmental	1,355	16,346	14,991
Interest	5,000	2,384	(2,616)
Program revenue	<u>8,000</u>	<u>12,528</u>	<u>4,528</u>
Total revenues	<u>536,673</u>	<u>445,580</u>	<u>(91,093)</u>
Expenditures			
Culture and recreation	502,318	464,035	38,283
Capital Outlay	<u>20,000</u>	<u>5,982</u>	<u>14,018</u>
Total expenditures	<u>522,318</u>	<u>470,017</u>	<u>52,301</u>
Excess (deficiency) of revenues over (under) expenditures	14,355	(24,437)	(38,792)
Fund balance, beginning	<u>243,626</u>	<u>243,626</u>	<u>-</u>
Fund balance, ending	<u>\$ 257,981</u>	<u>\$ 219,189</u>	<u>\$ (38,792)</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUSEUM SPECIAL REVENUE FUND**

For the Year Ended June 30, 2005

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 83,031	\$ 77,961	\$ (5,070)
Interest	1,300	3,107	1,807
Program revenue	35,000	8,261	(26,739)
Donations	3,000	-	(3,000)
	<u>122,331</u>	<u>89,329</u>	<u>(33,002)</u>
Total revenues			
Expenditures			
Culture and recreation	124,268	90,205	34,063
Capital Outlay	6,000	508	5,492
	<u>130,268</u>	<u>90,713</u>	<u>39,555</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(7,937)	(1,384)	6,553
Fund balance, beginning	<u>151,902</u>	<u>151,902</u>	<u>-</u>
Fund balance, ending	<u>\$ 143,965</u>	<u>\$ 150,518</u>	<u>\$ 6,553</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JEFFREY CENTER SPECIAL REVENUE FUND**

For the Year Ended June 30, 2005

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 84,334	\$ 95,687	\$ 11,353
Interest	-	95	95
Donations	-	845	845
	<u>84,334</u>	<u>96,627</u>	<u>12,293</u>
Total revenues			
Expenditures			
Culture and recreation	79,334	77,318	2,016
Capital Outlay	10,000	14,032	(4,032)
	<u>89,334</u>	<u>91,350</u>	<u>(2,016)</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(5,000)	5,277	10,277
Fund balance, beginning	<u>61,622</u>	<u>61,622</u>	<u>-</u>
Fund balance, ending	<u>\$ 56,622</u>	<u>\$ 66,899</u>	<u>\$ 10,277</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
FIDUCIARY FUND TYPE AGENCY FUNDS**

June 30, 2005

	<u>Governmental</u>	<u>Special</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Cash	\$ 13,863	\$ 1,120,007	\$ 2,662,197	\$ 3,796,067
Investments	-	-	534,649	534,649
Taxes Receivable	<u>13,840</u>	<u>260,655</u>	<u>-</u>	<u>274,495</u>
Total Assets	<u>\$ 27,703</u>	<u>\$ 1,380,662</u>	<u>\$ 3,196,846</u>	<u>\$ 4,605,211</u>
LIABILITIES				
Due to other taxing units	<u>\$ 27,703</u>	<u>\$ 1,380,662</u>	<u>\$ 2,662,197</u>	<u>\$ 4,070,562</u>
NET ASSETS HELD IN TRUST	<u>-</u>	<u>-</u>	<u>534,649</u>	<u>534,649</u>
Total Liabilities & Net Assets Held in Trust	<u>\$ 27,703</u>	<u>\$ 1,380,662</u>	<u>\$ 3,196,846</u>	<u>\$ 4,605,211</u>

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
Department of Homeland Security		
Passed through State of Wyoming, Office of Homeland Security/ Emergency Management		
State Domestic Preparedness Equipment Support Program	97.004	\$ 533,822
State Domestic Preparedness Exercise Program	16.007	\$ 31,568
Emergency Management Performance Grants	97.073	<u>181,031</u>
Total Expenditures of Department of Homeland Security Awards		<u>746,421</u>
Department of Health and Human Services Administration for Children and Families		
Passed through State of Wyoming, Department of Health		
Community Services Block Grant	93.569	45,593
Temporary Assistance for Needy Families	93.558	34,407
Health Resources and Services Administration		
Passed through State of Wyoming, Department of Health		
Maternal and Child Health Grant	93.994	34,599
Centers for Disease Control and Prevention		
Passed through State of Wyoming, Department of Health		
CDC Bioterrorism Grant	93.283	<u>37,712</u>
Total Expenditures of Department of Health and Human Services Awards		<u>152,311</u>
Department of Justice		
Office of Juvenile Justice and Delinquency Prevention		
Passed through State of Wyoming, Department of Family Services		
Juvenile Accountability Incentive Block Grants	16.523	17,801
Passed through the Wyoming County Commissioners Association		
WCCA/OJJDP Non-Participating State Juvenile Justice Grant	16.541	<u>31,511</u>
Total Expenditures of Department of Justice Awards		<u>49,312</u>

(Continued)

See Notes to this Financial Statement.

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

For the Year Ended June 30, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
Department of the Interior		
Bureau of Land Management		
Passed through State of Wyoming, Forestry Division Wildland Urban Interface Community and Rural Fire Assistance	15.228	<u>15,950</u>
Total Expenditures of Department of Interior Awards		<u>15,950</u>
Department of Agriculture		
Food and Nutrition Service		
Passed through State of Wyoming, Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>3,397</u>
Total Federal Assistance		<u>\$ 967,391</u>

See Notes to this Financial Statement.

CARBON COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2005

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of Carbon County, Wyoming. Carbon County, Wyoming receives federal awards both directly from federal agencies and indirectly through pass-through entities.

Federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

1. Summary of Auditor's results:

- An Unqualified opinion was issued on the financial statements.
- No reportable conditions in internal control were found.
- No instances of noncompliance material to the financial statements were found.
- No reportable conditions in internal control over major programs were found.
- An Unqualified opinion was issued on the compliance for major programs.
- No audit findings were reported.
- The following federal programs were determined to be major programs:

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Award Expenditures</u>
U.S. Department of Homeland Security Passed through the State of Wyoming , Office of Homeland Security State Homeland Security Grant Program	97.004	\$ <u>533,822</u>
Total		\$ <u><u>533,822</u></u>

- The dollar threshold used to distinguish between Type A and Type B programs is as follows: Type A programs are all programs with more than \$500,000 or more in federal awards. Type B programs are all programs with less than \$500,000 in federal awards.
- The auditee does qualify as a low-risk auditee.

2. Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS):

- No such findings.

3. Findings and questioned costs for Federal Awards:

- No such findings

Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

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

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County, as of and for the year ended June 30, 2005, which collectively comprise Carbon County's basic financial statements and have issued our report thereon dated October 12, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carbon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carbon County financial statements are free of 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*.

This report is intended solely for the information and use of the audit committee, management, the County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mader Ischachen Peterson & Co., LLC

October 6, 2005
Laramie, Wyoming

Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

Compliance

We have audited the compliance of Carbon County, Wyoming, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Carbon County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on Carbon County, Wyoming's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carbon County, Wyoming's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides as reasonable basis for our opinion. Our audit does not provide a legal determination on Carbon County, Wyoming's compliance with those requirements.

In our opinion, Carbon County, Wyoming complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Carbon County, Wyoming is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carbon County, Wyoming's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mader Ischachen Peterson & Co., LLC

October 6, 2005
Laramie, Wyoming