

**CARBON COUNTY, WYOMING**  
**FINANCIAL AND COMPLIANCE REPORT**  
**June 30, 2006**

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# Mader Tschacher Peterson & Co., LLC

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## 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, 2006, 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, 2006, 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 December 14, 2006, 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  
December 14, 2006

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
Fiscal Year Ended June 30, 2006

Carbon County Government adopted a revised reporting model required by Governmental Accounting Standards for the fiscal year ending June 30, 2004. 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 auditors' notes to the financial statements. The modified accrual basis of accounting is used for the governmental fund financial statements.

This fiscal year is the fifth undertaken under Rule 34 of Government Accounting Standards Board (GASB). The County made and completed by July 1, 2005 an extensive effort to quantify and to provide an estimated value for its entire infrastructure, other assets and buildings.

**Highlights – Fiscal Year 2005-2006**

Major impacts on the Carbon County Government fiscal budget for the fiscal year 2005-2006 are highlighted as follows:

- The new Carbon County Detention and Communications Center was completed and occupied in August 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 completed.
- Road and Bridge completed the Higley Blvd. extension on April 27, 2006. The project was a combined effort of Carbon County, the Road and Bridge Department, and the City of Rawlins.
- County Road 608 east of Dad/Wamsutter Road, which catches 503 and 608 to Dixon is a major concern of Road and Bridge as well as the Dad/Wamsutter Road.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

- Two positions were added in Economic Development Corporation which was revitalized, or the board reconstructed.
- Revenue increased approximately \$2,494,254 for the year ended June 30, 2006. Expenses decreased approximately \$1,758,543 for the year ended June 30, 2006 compared to the year ended June 30, 2005. The grants were up \$357,616. The 2005 general fund revenues increased from \$15,874,228 to \$17,677,754.
- The County's assessed property valuation increased \$108,072,509 per each mill, for 2005-2006. Property taxes increased approximately \$2,140,000 from 2005.
- 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, lease purchases for two pieces of Road and Bridge equipment, and a lease purchase for two fire tenders.

**Future Impacts on the fiscal year ending June 30, 2007:**

The following are anticipated to affect the fiscal year ending June 30, 2007 budget:

- Expenses for operation of the Carbon County Detention Center.
- Fuel and oil prices continue to fluctuate.
- Potential acquisition and improvements of the Seminoe Boat Club road;
- Purchase of a two fire tenders.
- The lease payments for a new Hanna Medical Clinic continue.
- Homeland Security funding is estimated to decrease.
- Projects funded through grants are estimated to decrease,
- The County Employees Health Insurance Self Insured program is estimated to increase by 17%;
- Staffing needs are increasing in the following areas; and Buildings and Building Enforcement.
- General building maintenance and improvements are anticipated to increase; there will be an undetermined amount to renovate the top floor of the Courthouse, other offices or storage.
- 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.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

**DEPARTMENT REPORTS:**

Summaries of each County Elected Officer and Department reports for the fiscal year 2005-2006 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 case load in the County Attorney's office continues to increase with more cases being filed in the felony range. The Juvenile cases are also increasing resulting in more demands on the time of the attorneys. The office remains at full staff with four secretaries and four full time attorneys in the criminal division. Zoda retired, but is assisting with the training of a new secretary with experience in the legal field, which should make the transition smooth.

The County Attorney's office worked with any community agencies needing assistance. The Court worked on the Court Improvement Plan. The County Attorney's staff also meets with other agencies and continues to maintain an open door policy for both the other agencies and the public. The staff worked closely with Law Enforcement agencies of Carbon County such as the Carbon County Sheriff's office, the Rawlins Police Department, the Encampment/Riverside Police Department, the Hanna Police Department, the Highway Patrol, and the Division of Criminal Investigation. The County Attorney's office continues to have communication with other prosecutors and legislatures regarding new legislation on a number of issues.

Several of the attorneys have applied for classes at the National District Attorneys Association school held in South Carolina. The week long classes at the NDAA are of little or no cost to Carbon County and are very beneficial to our attorneys. Tom Thompson attended classes on civil procedure for government agencies.

**CLERK OF DISTRICT COURT – LINDY SCHMIDT**

A sewage leak from the old jail created a hardship and challenge for the Clerk of the District Court. The repairs from the damage were finished during the fiscal year as well as an expansion into the hallway with new carpet and paint. The Clerk's office remains crowded but the office is much nicer, cleaner and enjoyable.

Many hours were spent boxing and indexing files to be archived at the Wyoming State Archives.

Lindy Schmidt is on two commissions appointed by the Wyoming Supreme Court and hopes that during the next fiscal year to contribute more time to projects.

Lindy Schmidt has also requested a jury management program and a receipting program that will enhance an already very good court management computer system.

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 2006 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 was also able to add new touch screen ADA compliant voting equipment which was used in the 2006 Primary and General Election, thus meeting the mandates of the Help America Vote Act.

Three major projects continue to impact the office in terms of accounts payable, contract management and oversight. These are: Telecommunications project, the renovation of the heating and cooling system for the courthouse, and the Dixon Airport Renovation.

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

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. These upgrades are projected to begin in the Clerk's office in Spring 2007.

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 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 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. The records are entered to the current date. It is not known at this time where the Commissioners plan to place the County records, as other offices desire the records space currently utilized at the Carbon Building. The records may be moved from the Carbon Building to the old jail on the top floor of the Courthouse. The Records Management Position provides clerical assistance to GOG, the 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.

The Clerk's office also played a major role in helping the County Commissioners with the impact funding process, along with Pam Farster. The County will receive two million in hard funds; \$10.8 million in overall funding.

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 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 despite a significant increase in land office traffic. From July 2006 to the beginning of November 2006, the receipts in the land office have increased approximately 90% over last year.

Despite the increase of traffic in the land office, 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 2006 in the computer system.

Computer Software Associates continues to work with Data Imaging to convert images from archives and to index forty years of land records. Approximately one-tenth of the images have been scanned, indexed, and uploaded to Docupro Online. It is anticipated that the images will be available to the public sometime in 2007.

**Human Resources, Insurance, Utilities, Assets**

The major emphasis in this department, in addition to regular payroll needs, was a continued process to keep abreast of ever-changing HIPAA laws and related security requirements. A large portion of the Chief Deputy and Clerk's time was devoted to working with and coordinating repair of the many maintenance needs at the Courthouse building and others. The Chief Deputy also dealt with gas pricing for the County buildings

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

and handled daily health, liability and property insurance concerns as well as renewals. The self-funded health insurance remains fairly healthy.

The Clerk and Chief Deputy completed a County Clerk's website in August 2006 with comprehensive countywide information for the public's use. Elections information was made available online for the public, eliminating many telephone calls to the Elections office during the hectic preparation and election time. The "hits" to the site were counted at approximately 9,700 to date.

**Elections:**

The department conducted primary and general elections for 2006. The voter turnout was 78% with substantial new registrations before and during primary and general elections. The Elections office continued to work with the Secretary of State's Office and County Clerk's Association to implement and program the new statewide voter registration system. The Wyoming State Legislature recognized the County Clerk with a Resolution of the Wyoming State Legislature for her contributions to bring the State of Wyoming as well as Carbon County to a place of compliance meeting or exceeding Department of Justice requirements. Carbon County received new equipment for voting, including the new handicap accessible voting machines (DRE's). All machines were tested and performed well in the elections. Several precincts reported that the voting public stood in line for the DRE's and requested more of the machines. Accessibility issues to four polling places were mitigated before the 2006 Elections.

**Custodial, Courthouse, Administration**

The Clerk supervised three custodians for the courthouse. The installation of the telecommunications system and the heating/cooling system was completed with resulting modifications to the building, the custodians continued with the clean up of the building. The grounds have improved greatly because of the sprinkler system, however the sprinkler system requires continuous monitoring because of inadequate drainage systems around the Courthouse. Warranty issues concerning the condition of the roof are being pursued as well. The Chief Deputy also coordinated the installation of a new sound system in the Commissioners' room.

Plumbing issues will become a challenge in the future. Needed maintenance was performed on the exterior stairways, however more extensive renovation of these may be needed in the future. Handrails continue to be needed as well. Painting the terracotta surfaces and masonry work is still a need. Installation of treads on the outside stairs continues. The County Attorney, District Court Clerk and District Judge were working with the architect to design the top floor where the jail currently is, and remodel both the courtroom and jail floors, however this project is on hold at present.

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

The Sheriff's office successfully opened and occupied the new Jail on August 17, 2005. The new dispatch center was occupied on August 1, 2005 with a new law enforcement computer system.

Carbon County was one of the last counties in Wyoming to become involved in the

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

juvenile justice program and the first county to take over the program as the grant funds were running out. The Juvenile Probation Agency has supervised 123 juveniles during the past year from Circuit and the different municipal courts.

New radios have been installed in all vehicles with Homeland Security monies which are APCO 25 compliant.

The Sheriff's office has an increased level of training, an example is firearms training. This training is available for deputies twice a month providing more proficiency and reducing liability to the County. Dispatchers are E.M.D. (Emergency medical dispatch) trained. This training was provided in April in Carbon County.

In October of 2005, Carbon County was dismissed from the Federal Consent Decree for the jail which had been in effect since 1987. A large part of this decree was dismissed due to increased medical compliance with the nurse for the Jail and resolution of mental health issues.

Outreach Programs include D.A.R.E., Kid Care, Home Alone, Mounted Patrol, K-9 Unit, eight separate Search and Rescue Units. These programs serve children, parents and senior citizens. There was also coordination with schools, civil organizations and health care professionals for public service, education and public relations. Adopt-a-Highway program has been effective since 1991 and the Sheriff's Office has collected 548 bags of trash on I-80.

There has been a Deputy assigned to the drug task force with the salary paid through a grant. Participation in the inmate extradition shuttle program saves extradition costs. D.A.R.E. and Home Alone programs are funded by fundraisers and donations. The Sheriff's Department has participated in health fairs by photographing and fingerprinting children with KidCare. Search and Rescue reimbursement by the State of Wyoming totals \$4,552.95. The Sheriff contract with the Forest Service for Forest Road Patrols by the federal government was billed for \$4,451.15.

Homeland Security monies in the sum of \$33,981.20 were used for security cameras and panic buttons in the Courthouse.

The electronic monitoring program for juvenile and adult inmates brings in \$5.00 per day from the inmates. Then the County charges various municipalities \$15.00 per day per inmate. Cost to the County for each monitor is \$3.85 per day. As of April 1, 2006, the Treasurer has received \$3,598.00 in fees.

VIN inspections brought \$2,495.00 in fees for civil process as of April 1, 2006. Billing of \$48,505.00 for inmate housing for other agencies was received. The County Commissioners approved a rate increase for prisoner housing from \$40.00 to \$60.00 per day effective July 1, 2006. Homeland security monies will be used to upgrade radio towers and radio repeater equipment around the County.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

**CARBON COUNTY TREASURER'S OFFICE – CINDY BALDWIN**

The Treasurer's Office worked 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 statewide 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. She is also appointed to the Intergovernmental Mineral Policy Advisory Committee.

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 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. Norman Newsome is retiring, and the budget will need to consider loss of use of funeral home equipment.

**CARBON COUNTY ASSESSOR – SHERYL R. SNIDER**

The Cama conversion has been a huge challenge for the Assessor's office. Each employee has contributed many extra hours of working in the office as well as traveling to various cities for required training. As the Assessor moves toward the final goal of correct records being transferred, she looks forward to the advantage of versatility and power of the new Cama/RealWare Project.

Future goals include presenting the Assessment Process to local agencies – to help the general public understand what is done in the Assessor's office. The main goal in the Assessor's office is to provide Carbon County with pristine records and friendly service.

Sheryl Snider spoke at the Carbon County Realtors Association meeting to promote agreeable working relationships with realtors, title companies, and the Assessor's Office. All were very excited with the possibility of providing ownership information on disc or DVD in '2007.

The prescribed IAAO Courses were successfully completed by: Pam Fulkerson, Course 600, Principles and Techniques of Cadastral Mapping; Stephanie Mier, Course

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

101, Fundamentals of Real Property Appraisal; Cheryl Ross, Course 600, Principles and Techniques of Cadastral Mapping; Sheryl Snider, Course 310, Applications of Mass Appraisal Fundamentals. At the present time, Cheryl Ross and Sheryl Snider have achieved Permanent Certification as Property Tax Appraisers. Sheryl Snider was accepted as a member in the International Association of Assessing Officers in March 2006.

**CARBON COUNTY PLANNING – WILL L. SPEER, CHAIRMAN PLANNING COMMISSION**

Fiscal Year 2005 proved eventful for both the Planning Commission and Planning Department. The year began with staff transitions: a new director joined the County with a mission focused on land use planning and development. The Planning Department started a process of making the planning activities in the County more transparent, responsive, and user-friendly. In October of 2005, Ms. Kristy Rowan was asked to serve as the Interim Planning Director from October 2005 through May 2006.

With the beginning of the calendar year, the Planning Commission began the work of amending the Carbon County Subdivision Regulations to allow for a faster and less complicated process of subdividing land. The amended Carbon County Subdivision Regulations were approved on March 7, 2006. At the same time, the Planning Commission also began the extensive work of revising the Zoning Resolution of 2003 to address certain shortcomings in that document.

The Planning Department worked with fellow planners in designing regulations and procedures that are clearer and more supportive of good land use planning.

**CARBON COUNTY FIRE DEPARTMENT – DWIGHT FRANCE, FIRE WARDEN**

The Carbon County Fire Department had a very busy year. This past year has seen a substantial increase in the number of emergency calls throughout the County. A service has been added in Rawlins in which the department responds on all interstate vehicle crashes for fire suppression and vehicle safety. Due to this addition, the calls and number of hours has significantly increased. The 2005 year saw our department runs over 146 calls, up from the 2004 year of approximately 50 to 60 calls. Due to the increase in calls, firefighters have agreed to decrease the amount of time for automatic call from one hour to one-half hour.

This effectively cuts down on paid time by firefighters. In addition to the emergency calls, we also had an individual who took care of a Forest Service grant within the Urban Interface. This grant was to reduce the availability of fuels in and around the residences in and around these areas, to help prevent a catastrophic fire from occurring within these areas. This was a very successful project. Because of interest, all funds were expended. The Fire Department will do this again this year.

Another Wildland Quick Attack Brush Truck was built from a donated vehicle. The vehicle was generously donated by Texas El Paso Gas Company. This allowed for another brush truck to be placed out in the County. The Fire Department also received a donated Ford Expedition from BP America enabling an older Suburban to be taken

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

out of service. The newer vehicle was then built up and placed in Baggs as command and transport vehicle. The purchase and placement of two brand new water tenders in Hanna and Rawlins with three more that were purchased this year to go to Elk Mountain, Saratoga, and Sinclair to replace older units.

Several volunteers received several certifications within the Fire Service, Hazardous Materials, Firefighter I and II, Fire Officer certifications as well as work on Wildland qualifications. We had a few individuals receive what is called the Green Cross award, given by Hurst Tools. This award is for Excellence in Extrication, for an emergency call participated in involving successful disentangling of an individual in a semi truck crash. The individual survived and recovered from his injuries. The Department again participated in the Carbon County Health Fair with a very good community response. The department was able to assist with the Fourth of July Fireworks put on by the City of Rawlins.

The Department also participated in the watering of the Carbon County Fair Demolition Derby area as well as watering of the Ripple Ridge Raceway Track for dust abatement before races. We also were able to do some Public fire Education at the Highland Hills Elementary School.

**GIS – KAREN LARSEN**

Rural Addressing continues to progress with addresses being sent to property owners. The GIS Department will continue to develop and deliver addresses as needed. With the influx of people into Carbon County, this will be an ongoing process. There will also be a need to maintain the address database to update changes in ownership. A hard copy of the addressing information will be developed and distributed to emergency personnel.

Updating of Parcel lines on the Assessor's data will allow all departments and interested parties to have a digital access to ownership data. Coordination continues with the E911 project.

Updating ownership data will allow the development of a land use map to aid in County Planning.

**CARBON COUNTY ROAD AND BRIDGE – BILL NATION**

Anadarko and Carbon County Road & Bridge combined money and efforts to improve the 20-Mile and Wild Cow Roads to meet the demands of CBM activities. The Road and Bridge Department completed the Seminoe Boat Club Road phase IV and will start the analysis for the Seminoe Boat Club Road construction.

Road and Bridge completed the Higley Blvd. extension on April 27, 2006 . The project was a combined effort of Carbon County, the Road & Bridge Department, and the City of Rawlins.

Dust control, seeding, and road improvements were aided by CMAC, WY G&F, and SLIB.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

**CARBON BUILDING – KANDIS FRITZ**

The Carbon Building provided office space for eighteen public service agencies in the year 2005 and 2006. Since May of 2002, there has been no vacant space. There were miscellaneous improvements to the Carbon Building consisting of repair of flood damage to the County Clerk records retention rooms, new bike racks, resealing of the lot and parking spaces painted. Three caution signs were installed in the parking lot. Long and Associates continue to maintain the existing HVAC System by repairing and cleaning. 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**

**Cen\$ible Nutrition – Char Anderson**

Goals of Cent\$ible Nutrition are to go into the schools and other agencies and challenge them to eat more nutritiously, and make sensible choices for less. The new food pyramid will be a priority, classes will be offered where students may receive a free cookbook.

In September 2005, the Cent\$ible Nutrition Program received the USDA Leadership, Innovation and Nutrition Collaboration (LINC) Award for Excellence in Practice. This award recognized excellence in planning, developing, and implementing nutrition initiatives focusing on food and nutrition service target populations.

A federally funded grant was written on the State level through the University of Wyoming to fund the Cent\$ible Nutrition Program that uses food stamp guidelines to determine clientele. Grant monies were used to pay for salaries, educational and staple materials for classes. This shows participants how to eat better for less.

**Range Management – Calvin Strom**

Range Management's top priority this year is to get out and meet the residents of Carbon County to discover the types of projects and information the residents of Carbon County need and want.

Extension is currently working with the Conservation Districts for current and future projects, as well as working with BLM and 4-H.

**4-H/Youth Educator – Susan Parker**

The 4-H/Youth Educator worked with a total of 137 adult volunteer leaders who currently work with over 1349 Carbon County youth, providing educational activities at clubs, camps, clinics, contests, and chaperoning youth. Of the 1,349 total youth served, 213 were in the 4-H club program. Using the latest value of the average hourly wage for volunteer service program. Using the latest value of the average hourly wage for volunteer service time, Wyoming (\$17.55, Independent Sector, 2005), volunteers contributed \$2,404.35 to Extension's youth programs in Carbon County annually.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

4-H/Youth Educator coordinated with FFA Associations, Chamber of Commerce, Fair Board, Home School Association, School District #1, School District #2, Stockgrowers, Wood Growers, Conservation Districts, NRCS, and local media. Thirteen hundred and forty nine students were taught.

Grants and funding received were the Daniels Fund Grant in the amount of \$6000.00 for local after school programming; another Daniels Fund Grant in the amount of \$3,000 for Youth in Governance training, and donations from City Market to the Carbon County Leaders' Council.

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

Public Health provides immunizations to all ages throughout the county. Adult health services were provided to a growing population of older people (2% increase of the last year). Adult immunizations have increased every year. Enrollment in Maternal Child programs continues to grow at a steady rate. So far, we have not seen an increase in the demand for services related to the energy boom in the county. Public Health has been involved with increasingly high risk families with drug abuse problems. With the Emergency Health Grant, Public Health sees many families, most with only the children insured; adults have no insurance, even though they are employed, and their income is still below poverty levels.

Public Health continues to provide yearly Wellness Screening for city employees, physical exams for the Child Development Center staff and students. Public Health also provides City Wellness Meeting Education Seminars two to three times a year, Health Education seminars and Stars Training to Child Care Providers in the county, Parenting Classes throughout the county, Flu Clinics throughout the county Senior Centers, businesses, schools, and city and county offices. Oil and gas industries are very open to health safety issues that can be provided through education classes and handouts.

Carbon County Public Health was recognized by the state Maternal Child Department and National Nurse Family Partnership young mothers on the program through completion of the baby's second year. Our nurses sell the program and encourage mothers to maintain the visits and complete their education and find employment.

Public Health is funded yearly with Maternal Child Health legislative funds and TANF Federal funds and maintained the quota of first time low income mothers on the NFP program. This pays for a part time nurse, clerical staff, and a part-time social worker. The social worker position is a recommended standard for other County MCH programs throughout the state. The social worker works closely with the nurse, DFS, schools, and doctors to ensure that social work needs are provided to high risk families with children.

Home Land Security money through the Wyoming Department of Health has funded the Public Health All Hazards Response Coordinator for two years. The coordinator works with the State and other County coordinators to make sure that Public Health is prepared for any All Hazard response. Public Health will obtain radios this year from

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

State funding. This grant funding has also provided technical equipment and may provide some supplies in the event of a pandemic flu, and also training for the coordinator in all Bio-Terrorism and IOC areas.

Receipts for Public Health have totaled \$92,091.53 from private pay flu shots, Medicare, railroad Medicare, private pay, Medicaid and Medicaid flu.

**CARBON COUNTY SENIOR SERVICES – THERESA ARCHER, DIRECTOR**

The Carbon County Senior Services Incorporated had a successful open house in June 4<sup>th</sup> despite the unusual snow storm that hit Carbon County. Many awards and flowers were given out to all that helped with the project. We are in the process of getting Encampment their new roof and windows; this project should be done by June of this year. Rawlins has had some projects started such as the concrete work in front and on the side of the building. After many years of use, the railing in the front was unsafe and the side loading dock steps were becoming unsafe. Information was offered to Seniors regarding the Medicare Part D program, 55 Alive Program, and many games, activities and informational seminars were available to the Seniors.

The Senior Centers were successful in their first mailing fund drive for the foundation and with the Community Service Block Grant, the Centers were able to reimburse seniors for errands and helping other seniors.

Projects for the coming year are as follows: Medicine Bow's air conditioner units, refurbished or replaced; the Saratoga air conditioner unit, and the Rawlins Senior Center Kitchen Exhaust hood.

The Carbon County Senior Services, Inc. continues to work with the Department of Health, Aging Division to keep the Director informed on issues to improve the quality of life for Seniors. During the last fiscal year, the eight senior centers served 75,669 senior meals, and we continue to grow. Numbers served have increased and home delivered meals are helping seniors to stay home longer by providing them with a home delivered meal.

The Seniors were successful in obtaining additional funds during the fiscal year and were awarded the Daniels fund to help with the congregate, home delivered, and social services expenses. Funds were also received from the Wyoming Senior Service Board that help us with personnel expenses such as Wyoming Retirement, health insurance and liability insurance as well as other insurance needs. Special funding was also received for home delivery trays for all sites. Funding from the Wyoming Department of Transportation was received to help with repairs, fuels, and wages for the drivers.

Bulk mailings are a method being used to inform and to seek additional funding.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

**CARBON COUNTY JEFFREY MEMORIAL CENTER – ANN TAYLOR/BRUCE TAYLOR**

Ann Taylor is retiring, so Bruce Taylor is taking over as Custodian.

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 some needed maintenance was caught up this year.

**CARBON COUNTY MUSEUM – DENISE PATTON, DIRECTOR**

The Carbon County Museum's primary projects consisted of increased marketing and advertising, outreach to local public and other in-county historical and cultural agencies, hosting traveling exhibitions, developing education programming, new building planning and collections care.

The Carbon County Museum regularly provides community service opportunities to juvenile probation offices, both County and City. This promotes decreased vandalism and cost savings for the County and offers youth positive interaction with cultural resources.

Year-to-date Carbon County Museum visitorship stands at 1,780. The bulk of the research service is via e-mail or telephone for an addition 100 queries YTD estimated. Website contacts stood at 336 for the first 6 months of its existence. RSVP (Retired and Senior Volunteer Program) a statewide organization with 50 local members to date, is being welcomed as a partner to the Carbon County Museum. In response to this relationship, a Volunteer Handbook has just been completed. The total number of volunteer hours year to date is 156 values at \$17.55 per hour based on Bureau of Labor Statistics data by Independent Sector.

The Museum, in partnership with educators from Pershing, is developing education check-out kits that will be made available throughout the County.

The Wyoming Council for Humanities awarded a grant for \$1,500.00 for the second year in a row to the Museum to help pay for supplies and training for collections care.

The Carbon County Museum Foundation, Inc. was formed in the prior budget year, and then in 05-06 received its 501©3 IRS status to become a public charity responsible for fund-raising on behalf of special museum projects and development of an endowment.

The Carbon County Museum and the "Old Pen" were awarded a grant for a joint billboard, now installed. Both agencies have submitted another grant to renew that billboard lease. The original award saved each agency \$1,000.00. The Wyoming Community Foundation awarded the Carbon County Museum \$5,000.00 to go toward existing funds restricted to educational programming on behalf of the Wyoming Flag Project, which calls for development of hands-on activities for 4<sup>th</sup> grade history students in the County and out-of-county touring the museum.

Carbon County, Wyoming  
**MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED**

In kind volunteer hour contribution (1 day) review of employee handbook for better informed employee management by Mike Sullivan of SELACT Management & Human Resource Specialists. The Institute of Museum and Library Service (IMLS) joint grant and implementation workshops in collaboration with the other County museums. The Carbon County Museum initiated relationship with the BLM Rawlins Field Office Sign Shop in anticipation of printing oversize text panels after ensuring compatible software.

Grants won late last fiscal year and early 05-06 are in the process of being executed. Planning for comprehensive inventory of archives and collections (records management project) for grant applications valued at \$260,000 was executed early in the fiscal year. Those grants were submitted.

**CARBON COUNTY LIBRARY SYSTEM – VICKI HITCHCOCK, DIRECTOR**

The Carbon County Library's budget goals include: (1) Full integration of all branch libraries with the Statewide circulation system, beginning with Hanna, followed by Medicine Bow, Elk Mountain, and Sinclair. Saratoga, Encampment, and Little Snake River Valley have completed the process; (2) development of an adult program plan for the Library System to introduce more adults to resources and to increase the use of facilities; (3) provisions of better service to seniors and residents of outlying communities through delivery and mail service; (4) to provide better communication throughout the County through our website, a newsletter, and a PR campaign; and (5) efforts to bring base pay up the community standard of \$8.00 per hour, adjusting all pay upward by \$1.35 an hour.

**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, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	3,212,412
Investments		10,188,151
Receivables:		
Taxes		122,251
Accounts		28,894
Other		25,939
Due from other governments		357,970
Prepaid expenses		43,737
Inventories		180,035

NONCURRENT ASSETS

Land		2,099,347
Infrastructure		48,413,438
Buildings and improvements		36,136,903
Equipment		8,610,555
Less: accumulated depreciation		<u>(36,704,231)</u>
Net capital assets		<u>58,556,012</u>

Total assets	\$	<u>72,715,401</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	475,162
Accrued compensated absences		335,898
Accrued interest payable		52,085
Deferred revenues		402,549

NONCURRENT LIABILITIES

Due within one year		1,700,077
Due in more than one year		<u>7,698,914</u>
Total liabilities		<u>10,664,685</u>

NET ASSETS

Invested in capital assets, net of related debt		49,157,021
Unrestricted		<u>12,893,695</u>
Total net assets	\$	<u>62,050,716</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2006

	<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	\$ 6,619,029	\$ 714,654	\$ 305,964	\$ (5,598,411)
Public safety	3,100,084	133,183	626,177	(2,340,724)
Highways and streets	2,283,276	1,338	904,358	(1,377,580)
Health and welfare	1,152,406	136,981	235,792	(779,633)
Culture and recreation	1,044,052	-	326,812	(717,240)
Capital outlay	308,234	-	-	(308,234)
Interest	312,756	-	-	(312,756)
Depreciation - unallocated	<u>1,566,466</u>	-	-	<u>(1,566,466)</u>
Total governmental activities	<u>16,386,303</u>	<u>986,156</u>	<u>2,399,103</u>	<u>(13,001,044)</u>
General Revenues				
Property taxes				9,263,930
Sales taxes				5,033,779
Other taxes				891,061
Interest and investment revenue				458,942
Other				260,370
Payment in lieu of taxes				<u>684,186</u>
Total general revenues				<u>16,592,268</u>
Change in net assets				3,591,224
Net assets - beginning of year				<u>58,459,492</u>
Net assets - end of year				<u>\$ 62,050,716</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2006

	General Fund	Nonmajor - Special Revenue Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 1,821,207	\$ 1,391,205	\$ 3,212,412
Investments	10,080,143	108,008	10,188,151
Receivables:			
Accounts receivable	-	28,894	28,894
Taxes	76,370	17,704	94,074
Interest	25,939	-	25,939
Due from other governments	357,970	-	357,970
Prepaid expenses	43,737	-	43,737
Inventory	28,161	151,874	180,035
Total Assets	<u>\$ 12,433,527</u>	<u>\$ 1,697,685</u>	<u>\$ 14,131,212</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 393,168	\$ 81,994	\$ 475,162
Accrued compensated absences	90,906	6,980	97,886
Deferred revenue	402,549	-	402,549
Total Liabilities	<u>886,623</u>	<u>88,974</u>	<u>975,597</u>
<b>FUND BALANCES</b>			
Fund balances			
Restricted for road projects	2,714,674	-	2,714,674
Reserved for prepaid expenses	43,737	-	43,737
Reserved for inventory	28,161	151,874	180,035
Reserved for detention center operating	558,943	-	558,943
Reserved for special projects	920,372	-	920,372
Designated for cash reserve	2,145,000	499,221	2,644,221
Unreserved - undesignated	5,136,017	957,616	6,093,633
Total Fund Balances	<u>11,546,904</u>	<u>1,608,711</u>	<u>13,155,615</u>
Total Liabilities and Fund Balances	<u>\$ 12,433,527</u>	<u>\$ 1,697,685</u>	<u>\$ 14,131,212</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

June 30, 2006

**Total fund balances - governmental funds** \$ 13,155,615

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	95,260,243	
Less accumulated depreciation	<u>(36,704,231)</u>	58,556,012

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

Governmental leases payable	(9,398,991)	
Compensated absences	(238,012)	
Accrued interest on long-term debt	<u>(52,085)</u>	(9,689,088)

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.

Taxes receivable		<u>28,177</u>
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**Total net assets - statement of net assets (governmental activities)** **\$ 62,050,716**

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, 2006

	Governmental Funds		Total Governmental Funds
	General Fund	Nonmajor - Special Revenue Funds	
<b>REVENUES</b>			
Taxes	\$ 13,338,987	\$ 1,929,888	\$ 15,268,875
Licenses and permits	430,714	-	430,714
Intergovernmental	3,155,903	23,112	3,179,015
Program revenue	-	282,249	282,249
Interest	435,055	23,887	458,942
Miscellaneous	317,095	21,198	338,293
Total revenue	<u>17,677,754</u>	<u>2,280,334</u>	<u>19,958,088</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,857,138	-	6,857,138
Public safety	3,155,579	-	3,155,579
Highways and streets	1,621,732	829,924	2,451,656
Health and welfare	1,152,035	-	1,152,035
Culture and recreation	158,065	884,665	1,042,730
Capital outlay	676,400	69,569	745,969
Debt service:			
Principal retirement	1,500,765	-	1,500,765
Interest	412,882	-	412,882
Total expenditures	<u>15,534,596</u>	<u>1,784,158</u>	<u>17,318,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,143,158</u>	<u>496,176</u>	<u>2,639,334</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease obligations	<u>290,600</u>	-	<u>290,600</u>
Total other financing sources	<u>290,600</u>	-	<u>290,600</u>
Net change in fund balance	2,433,758	496,176	2,929,934
Fund balance, beginning	9,113,146	1,112,535	10,225,681
Fund balance, ending	<u>\$ 11,546,904</u>	<u>\$ 1,608,711</u>	<u>\$ 13,155,615</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, 2006

**Total net change in fund balances - governmental funds** **\$ 2,929,934**

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	1,060,444	
Less current year depreciation	<u>(1,566,468)</u>	(506,024)

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	(290,600)	
Capital lease principal payments	<u>1,500,765</u>	1,210,165

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	(10,019)	
Change in long-term compensated absences	(24,921)	
Loss on sale of assets	<u>(22,008)</u>	(56,948)

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>14,097</u>
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**Change in net assets on statement of activities (governmental activities)** **\$ 3,591,224**

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

June 30, 2006

	<u>Deferred Compensation</u>	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 4,008,890	\$ 4,008,890
Investments	586,244	-	586,244
Taxes receivable	<u>-</u>	<u>323,244</u>	<u>323,244</u>
Total assets	<u>\$ 586,244</u>	<u>\$ 4,332,134</u>	<u>\$ 4,918,378</u>
<b>LIABILITIES</b>			
Due to other tax units	<u>\$ -</u>	<u>\$ 4,332,134</u>	<u>\$ 4,332,134</u>
<b>NET ASSETS HELD IN TRUST</b>	<u>586,244</u>	<u>-</u>	<u>586,244</u>
Total liabilities and net assets held in trust	<u>\$ 586,244</u>	<u>\$ 4,332,134</u>	<u>\$ 4,918,378</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	<u>Deferred Compensation</u>
<b>ADDITIONS</b>	
Employee Contributions	\$ 56,280
Investment Income	
Interest and Dividends	14,191
Net Appreciation (Depreciation) in Fair Value of Investments	<u>16,783</u>
Total Investment Income	<u>30,974</u>
Total Additions	<u>87,254</u>
<b>DEDUCTIONS</b>	
Administrative Expenses and Fees	1,816
Participant Withdrawals	<u>33,843</u>
Total Deductions	<u>35,659</u>
Net Increase in Plan Assets	51,595
Net Assets Held in Trust, Beginning of Year	<u>534,649</u>
Net Assets Held in Trust, End of Year	<u>\$ 586,244</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, 2006:

- 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 2005 tax levy, which was collectible during the year ended June 30, 2006.

## 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, 2006, totaled \$335,898.

### 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, 2006.

## 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. 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	\$ 13,338,987	\$ (2,260,313)	\$ 11,078,674
Licenses and permits	430,714	(2)	430,712
Intergovernmental	3,155,903	1,256,635	4,412,538
Interest	435,055	(264,380)	170,675
Miscellaneous	317,095	(102,451)	214,644
Total revenues	\$ 17,677,754	\$ (1,370,511)	\$ 16,307,243
Expenditures:			
General government	\$ 6,857,138	\$ 458,423	\$ 7,315,561
Public safety	3,155,579	(5,136)	3,150,443
Highways and streets	1,621,732	21,731	1,643,463
Health and welfare	1,152,035	35,050	1,187,085
Cultural and recreation	158,065	(68)	157,997
Capital outlay	676,400	162,902	839,302
Principal retirement	1,500,765	(1,500,765)	-
Interest	412,882	(412,882)	-
Total expenditures	\$ 15,534,596	\$ (1,240,745)	\$ 14,293,851
Special Revenue Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 1,929,888	\$ 3,115	\$ 1,933,003
Intergovernmental	23,112	-	23,112
Program revenue	282,249	(39,861)	242,388
Interest	23,887	(11,657)	12,230
Miscellaneous	21,198	-	21,198
Total revenues	\$ 2,280,334	\$ (48,403)	\$ 2,231,931
Expenditures:			
Highways and streets	\$ 829,924	\$ 20,376	\$ 850,300
Cultural and recreation	884,665	(21,755)	862,910
Capital outlay	69,569	(15,308)	54,261
Total expenditures	\$ 1,784,158	\$ (16,687)	\$ 1,767,471

## NOTES TO FINANCIAL STATEMENTS

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, 2006, no budgets were exceeded.

### Note 3. 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.

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.

## NOTES TO FINANCIAL STATEMENTS

### Deposits

At June 30, 2006, the carrying amount of the County's demand deposits in financial institutions was \$9,281,759. 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, 2006, the County had \$6,198,516 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, 2006, 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	\$ 148,995	\$ 148,995	1.10
Federal National Mortgage Association	619,440	619,440	1.12
Government National Mortgage Association	71,752	71,752	7.13
Federal Home Loan Bank Certificates of Deposit	1,231,181	1,231,181	3.92
State of Wyoming Investment Pool	1,918,267	1,918,267	0.67
	<u>6,198,516</u>	<u>6,198,516</u>	
 Total	 <u>\$ 10,188,151</u>	 <u>\$ 10,188,151</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	\$ 148,995	\$ -	\$ 148,995	\$ -
Federal National Mortgage Association	619,440	-	619,440	-
Government National Mortgage Association	71,752	-	71,752	-
Federal Home Loan Bank Certificates of Deposit	1,231,181	-	1,231,181	-
State of Wyoming Investment Pool	1,918,267	-	1,918,267	-
	<u>6,198,516</u>	<u>-</u>	<u>-</u>	<u>6,198,516</u>
Total	<u>\$ 10,188,151</u>	<u>\$ -</u>	<u>\$ 3,989,635</u>	<u>\$ 6,198,516</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, 2006, the County held securities from the following issuers in excess of 5% of the total portfolio:

Rawlins National Bank	\$ 691,500
Bank of Commerce	1,126,300
Federal Home Loan Bank	1,231,181
Federal National Mortgage Association	619,440
State of Wyoming Investment Pool	<u>4,726,933</u>
 Total	 <u>\$ 8,395,354</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 4. Changes in Fixed Assets

During the year ended June 30, 2006 changes in fixed assets were as follows:

	Governmental Activities			
	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Construction in progress	\$ 15,277,894	\$ -	\$ 15,277,894	\$ -
Land	2,099,347	-	-	2,099,347
Infrastructure	48,413,438	-	-	48,413,438
Buildings and improvements	19,873,011	16,263,892	-	36,136,903
Equipment	7,568,547	1,231,964	189,956	8,610,555
Total	<u>\$ 93,232,237</u>	<u>\$ 17,495,856</u>	<u>\$ 15,467,850</u>	<u>\$ 95,260,243</u>

## NOTES TO FINANCIAL STATEMENTS

### Accumulated Depreciation- Governmental

	Governmental Activities			Balance June 30, 2006
	Balance June 30, 2005	Additions	Deletions	
Infrastructure	\$ 21,033,611	\$ 968,269	\$ -	\$ 22,001,880
Buildings and improvements	9,349,338	252,863	-	9,602,201
Equipment	4,922,763	345,335	167,948	5,100,150
<b>Total</b>	<b>\$ 35,305,712</b>	<b>\$ 1,566,467</b>	<b>\$ 167,948</b>	<b>\$ 36,704,231</b>

### Note 5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2006:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Accrued compensated absences	\$ 305,279	\$ 30,619	\$ -	\$ 335,898
Capital lease obligations	9,451,636	1,448,120	1,500,765	9,398,991
<b>Total</b>	<b>\$ 9,756,915</b>	<b>\$ 1,478,739</b>	<b>\$ 1,500,765</b>	<b>\$ 9,734,889</b>

As of June 30, 2006, 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 2011, secured by real estate and detention center. \$ 6,395,000

Capital lease payable to Community First Leasing Services, due in semi-annual installments of \$88,063, including interest at 4.755% through June 2014, secured by real estate. 1,160,711

## 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 2010, secured by equipment.	535,763
Capital lease payable to Kinetic Leasing, due in semi-annual payments of \$35,844, including interest at 4.60% through June 2010, secured by equipment.	259,212
Capital lease payable to Bank of the West, due in semi-annual payments of \$72,354, including interest at 4.625% through December 2010, secured by equipment.	581,930
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$64,826, including interest at 4.75% through November 2010, secured by equipment.	280,740
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$52,108, including interest at 4.80% through December 2009, secured by equipment.	<u>185,635</u>
Total Governmental activity debt	<u>\$ 9,398,991</u>

### Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2006 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2007	\$ 1,700,077	\$ 394,047	\$ 2,094,124
2008	1,769,783	319,435	2,089,218
2009	1,850,744	241,702	2,092,446
2010	1,926,103	160,581	2,086,684
2011	1,665,219	76,746	1,741,965
Thereafter	<u>487,065</u>	<u>41,320</u>	<u>528,385</u>
	<u>\$ 9,398,991</u>	<u>\$ 1,233,831</u>	<u>\$ 10,632,822</u>

## NOTES TO FINANCIAL STATEMENTS

The June 30, 2006 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u>\$ 667,954,557</u>
Debt Limit – 2% of total assessed valuation	\$ 13,359,091
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 13,359,091</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, 2006.

### Note 6. 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, 2006 was \$4,412,508 and the County's total payroll was \$4,633,028.

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

## NOTES TO FINANCIAL STATEMENTS

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, 2006, was \$599,523 which consisted of \$298,291 from employees and \$301,231 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 \$586,244 as of June 30, 2006. This amount is included in the fiduciary funds as investments.

### Note 7. 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 8. Risk Management – Claims and judgments

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

## NOTES TO FINANCIAL STATEMENTS

insured programs, there have been no significant reductions in insurance the County. When these two groups are combined together, 12.09% of the coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### 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, 2004 to June 30, 2006:

Liability balance, July 1, 2004	\$ 66,856
Claims and changes in estimates	1,327,882
Claims payments	<u>(1,207,389)</u>
Liability balance, June 30, 2005	187,349
Claims and changes in estimates	1,750,370
Claims payments	<u>(1,788,456)</u>
Liability balance, June 30, 2006	<u>\$ 149,263</u>
Assets available to pay claims, June 30, 2006	<u>\$ 350,991</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 (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND**

For the Year Ended June 30, 2006

	General Fund		Variance Positive (Negative)
	Budget - Original & Final	Actual (Budgetary Basis)	
Revenue			
Taxes	\$ 10,504,913	\$ 11,078,674	\$ 573,761
Licenses and permits	489,560	430,712	(58,848)
Intergovernmental	6,315,877	4,412,538	(1,903,339)
Interest	80,105	170,675	90,570
Miscellaneous	<u>1,430,898</u>	<u>214,644</u>	<u>(1,216,254)</u>
Total revenue	<u>18,821,353</u>	<u>16,307,243</u>	<u>(2,514,110)</u>
Expenditures			
Current:			
General government	10,114,684	7,315,561	2,799,123
Public safety	4,635,956	3,150,443	1,485,513
Highways and streets	4,981,145	1,643,463	3,337,682
Health and welfare	1,335,063	1,187,085	147,978
Culture and recreation	207,085	157,997	49,088
Capital outlay	<u>1,156,378</u>	<u>839,302</u>	<u>317,076</u>
Total expenditures	<u>22,430,311</u>	<u>14,293,851</u>	<u>8,136,460</u>
Excess (deficiency) of revenues over (under) expenditures	(3,608,958)	2,013,392	5,622,350
Fund balance, beginning	<u>9,113,146</u>	<u>9,113,146</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,504,188</u>	<u>\$ 11,126,538</u>	<u>\$ 5,622,350</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 (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND**

For the Year Ended June 30, 2006  
(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 16,307,243
Differences – Budget to GAAP	
Property and other taxes accrual difference	(387,581)
Grants deferred and receivable difference	(205,918)
Other receivable differences	<u>1,964,010</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 17,677,754</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 14,293,851
Differences – Budget to GAAP	
Compensated absences difference	(2,528)
Accounts payable accrual difference	1,205,187
Unpaid claims liabilities accrual difference	<u>38,086</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 15,534,596</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, 2006

**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 33. 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, 2006, 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, 2006

	Special Revenue Funds		Variance Positive (Negative)
	Budget	Actual	
	<u>Original &amp; Final</u>	<u>(Budgetary Basis)</u>	
Revenue			
Taxes	\$ 1,735,002	\$ 1,933,003	\$ 198,001
Intergovernmental	23,771	23,112	(659)
Program revenue	195,493	242,388	46,895
Interest	10,615	12,230	1,615
Miscellaneous	-	21,198	21,198
	<u>1,964,881</u>	<u>2,231,931</u>	<u>267,050</u>
Expenditures			
Current:			
Highways and streets	899,366	850,300	49,066
Culture and recreation	1,058,222	862,910	195,312
Capital outlay	263,546	54,261	209,285
	<u>2,221,134</u>	<u>1,767,471</u>	<u>453,663</u>
Excess (deficiency) of revenues over (under) expenditures	(256,253)	464,460	720,713
Fund balance, beginning	<u>1,094,227</u>	<u>1,094,227</u>	<u>-</u>
Fund balance, ending	<u>\$ 837,974</u>	<u>\$ 1,558,687</u>	<u>\$ 720,713</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS**

June 30, 2006

	Weed and <u>Pest</u>	<u>Fair</u>	<u>Library</u>	<u>Museum</u>
<b>ASSETS</b>				
Cash	\$ 451,757	\$ 401,956	\$ 143,701	\$ 301,819
Receivables				
Taxes	7,264	2,271	5,484	1,418
Accounts	28,894	-	-	-
Inventory	151,874	-	-	-
Investments	-	-	108,008	-
Prepaid expenses	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 639,789</u>	<u>\$ 404,227</u>	<u>\$ 257,193</u>	<u>\$ 303,237</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 58,035	\$ 20,067	\$ -	\$ 3,892
Accrued liabilities	2,386	-	4,594	-
Deferred Revenue	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>60,421</u>	<u>20,067</u>	<u>4,594</u>	<u>3,892</u>
<b>FUND BALANCES</b>				
Reserved for inventory	151,874	-	-	-
Designated for cash reserve	165,500	115,300	176,085	42,336
Unreserved - undesignated	261,994	268,860	76,514	257,009
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>579,368</u>	<u>384,160</u>	<u>252,599</u>	<u>299,345</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 639,789</u>	<u>\$ 404,227</u>	<u>\$ 257,193</u>	<u>\$ 303,237</u>

<u>Jeffrey Center</u>	<u>Total</u>
\$ 91,972	\$ 1,391,205
1,267	17,704
-	28,894
-	151,874
-	108,008
-	-
<u>\$ 93,239</u>	<u>\$ 1,697,685</u>

\$ -	\$ 81,994
-	6,980
-	-
-	<u>88,974</u>

-	151,874
-	499,221
<u>93,239</u>	<u>957,616</u>
<u>93,239</u>	<u>1,608,711</u>
<u>\$ 93,239</u>	<u>\$ 1,697,685</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Weed and Pest	Fair	Library	Museum
<b>Revenues</b>				
Taxes	\$ 732,836	\$ 315,201	\$ 482,593	\$ 267,512
Intergovernmental	-	-	23,112	-
Interest	11,757	2,131	3,440	5,766
Program Revenue	198,158	61,072	14,554	8,465
Donations	-	20,392	-	-
	<u>942,751</u>	<u>398,796</u>	<u>523,699</u>	<u>281,743</u>
<b>Expenditures</b>				
Cost of goods sold	216,311	-	-	-
Personnel	255,943	45,764	380,955	26,272
Capital outlay	-	50,059	2,205	-
Supplies	20,269	2,885	20,544	55,082
Other	337,401	106,747	106,187	51,076
	<u>829,924</u>	<u>205,455</u>	<u>509,891</u>	<u>132,430</u>
Excess (deficiency) of revenues over (under) expenditures	112,827	193,341	13,808	149,313
Fund balances, beginning	<u>466,541</u>	<u>190,819</u>	<u>238,791</u>	<u>150,032</u>
Fund balances, ending	<u>\$ 579,368</u>	<u>\$ 384,160</u>	<u>\$ 252,599</u>	<u>\$ 299,345</u>

<u>Jeffrey Center</u>	<u>Total</u>
\$ 131,746	\$ 1,929,888
-	23,112
793	23,887
-	282,249
<u>806</u>	<u>21,198</u>
<u>133,345</u>	<u>2,280,334</u>
-	216,311
45,600	754,534
17,305	69,569
16,598	115,378
<u>26,955</u>	<u>628,366</u>
<u>106,458</u>	<u>1,784,158</u>
26,887	496,176
<u>66,352</u>	<u>1,112,535</u>
<u>\$ 93,239</u>	<u>\$ 1,608,711</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 667,913	\$ 737,691	\$ 69,778
Interest	3,600	2,670	(930)
Program revenue	<u>107,463</u>	<u>178,873</u>	<u>71,410</u>
Total revenues	<u>778,976</u>	<u>919,234</u>	<u>140,258</u>
Expenditures			
Highways and streets	899,366	850,300	49,066
Capital Outlay	<u>58,000</u>	<u>-</u>	<u>58,000</u>
Total expenditures	<u>957,366</u>	<u>850,300</u>	<u>107,066</u>
Excess (deficiency) of revenues over (under) expenditures	(178,390)	68,934	247,324
Fund balance, beginning	<u>450,741</u>	<u>450,741</u>	<u>-</u>
Fund balance, ending	<u>\$ 272,351</u>	<u>\$ 519,675</u>	<u>\$ 247,324</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 268,357	\$ 311,065	\$ 42,708
Interest	400	1,679	1,279
Program revenue	32,000	44,034	12,034
Donations	-	20,392	20,392
	<u>300,757</u>	<u>377,170</u>	<u>76,413</u>
Total revenues			
Expenditures			
Culture and recreation	167,457	155,396	12,061
Capital Outlay	160,000	34,750	125,250
	<u>327,457</u>	<u>190,146</u>	<u>137,311</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(26,700)	187,024	213,724
Fund balance, beginning	<u>206,880</u>	<u>206,880</u>	<u>-</u>
Fund balance, ending	<u>\$ 180,180</u>	<u>\$ 393,904</u>	<u>\$ 213,724</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 438,178	\$ 483,184	\$ 45,006
Intergovernmental	23,771	23,112	(659)
Interest	6,615	2,010	(4,605)
Program revenue	<u>11,730</u>	<u>11,014</u>	<u>(716)</u>
Total revenues	<u>480,294</u>	<u>519,320</u>	<u>39,026</u>
Expenditures			
Culture and recreation	519,031	484,010	35,021
Capital Outlay	<u>22,000</u>	<u>2,205</u>	<u>19,795</u>
Total expenditures	<u>541,031</u>	<u>486,215</u>	<u>54,816</u>
Excess (deficiency) of revenues over (under) expenditures	(60,737)	33,105	93,842
Fund balance, beginning	<u>219,189</u>	<u>219,189</u>	<u>-</u>
Fund balance, ending	<u>\$ 158,452</u>	<u>\$ 252,294</u>	<u>\$ 93,842</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 241,239	\$ 269,276	\$ 28,037
Interest	-	5,387	5,387
Program revenue	44,300	8,467	(35,833)
Donations	-	-	-
Total revenues	<u>285,539</u>	<u>283,130</u>	<u>(2,409)</u>
Expenditures			
Culture and recreation	281,469	134,301	147,168
Capital Outlay	<u>1,496</u>	<u>-</u>	<u>1,496</u>
Total expenditures	<u>282,965</u>	<u>134,301</u>	<u>148,664</u>
Excess (deficiency) of revenues over (under) expenditures	2,574	148,829	146,255
Fund balance, beginning	<u>150,518</u>	<u>150,518</u>	<u>-</u>
Fund balance, ending	<u>\$ 153,092</u>	<u>\$ 299,347</u>	<u>\$ 146,255</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2006

	Budget - Original and Final	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 119,315	\$ 131,787	\$ 12,472
Interest	-	484	484
Donations	-	806	806
	<u>119,315</u>	<u>133,077</u>	<u>13,762</u>
Total revenues			
Expenditures			
Culture and recreation	90,265	89,203	1,062
Capital Outlay	22,050	17,306	4,744
	<u>112,315</u>	<u>106,509</u>	<u>5,806</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	7,000	26,568	19,568
Fund balance, beginning	<u>66,899</u>	<u>66,899</u>	<u>-</u>
Fund balance, ending	<u>\$ 73,899</u>	<u>\$ 93,467</u>	<u>\$ 19,568</u>

CARBON COUNTY, WYOMING

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

June 30, 2006

	<u>Governmental</u>	<u>Special</u>	<u>Other</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 14,485	\$ 1,087,997	\$ 2,906,408	\$ 4,008,890
Investments	-	-	586,244	586,244
Taxes Receivable	<u>13,273</u>	<u>309,971</u>	<u>-</u>	<u>323,244</u>
 Total Assets	 <u>\$ 27,758</u>	 <u>\$ 1,397,968</u>	 <u>\$ 3,492,652</u>	 <u>\$ 4,918,378</u>
 <b>LIABILITIES</b>				
Due to other taxing units	<u>\$ 27,758</u>	<u>\$ 1,397,968</u>	<u>\$ 2,906,408</u>	<u>\$ 4,332,134</u>
 NET ASSETS HELD IN TRUST	 <u>-</u>	 <u>-</u>	 <u>586,244</u>	 <u>586,244</u>
 Total Liabilities & Net Assets Held in Trust	 <u>\$ 27,758</u>	 <u>\$ 1,397,968</u>	 <u>\$ 3,492,652</u>	 <u>\$ 4,918,378</u>

CARBON COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<b>Department of Homeland Security</b>		
Passed through State of Wyoming, Office of Homeland Security/ Emergency Management		
State Domestic Preparedness Equipment Support Program	97.004	\$ 71,898
Citizen Corps	97.053	17,032
Emergency Management Performance Grants	97.073	<u>206,332</u>
<b>Total Expenditures of Department of Homeland Security Awards</b>		<u>295,262</u>
<b>Department of Health and Human Services Administration for Children and Families</b>		
Passed through State of Wyoming, Department of Health		
Community Services Block Grant	93.569	75,200
Temporary Assistance for Needy Families	93.558	92,538
<b>Substance Abuse and Mental Health Services Administration</b>		
Passed through State of Wyoming, Department of Health		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	26,752
<b>Centers for Disease Control and Prevention</b>		
Passed through State of Wyoming, Department of Health		
CDC Bioterrorism Grant	93.283	<u>28,770</u>
<b>Total Expenditures of Department of Health and Human Services Awards</b>		<u>223,260</u>
<b>Department of Justice</b>		
<b>Office of Juvenile Justice and Delinquency Prevention</b>		
Passed through State of Wyoming, Department of Family Services		
Juvenile Accountability Incentive Block Grants	16.523	7,111
Passed through the Wyoming County Commissioners Association		
WCCA/OJJDP Non-Participating State Juvenile Justice Grant	16.541	<u>13,620</u>
<b>Total Expenditures of Department of Justice Awards</b>		<u>20,731</u>

(Continued)

See Notes to this Financial Statement.

CARBON COUNTY, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

(Continued)

For the Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<b>Department of the Interior</b>		
<b>Bureau of Land Management</b>		
Passed through State of Wyoming, Forestry Division Wildland Urban Interface Community and Rural Fire Assistance	15.228	<u>23,685</u>
<b>Total Expenditures of Department of Interior Awards</b>		<u>23,685</u>
<b>Department of Agriculture</b>		
<b>Food and Nutrition Service</b>		
Passed through State of Wyoming, Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>3,758</u>
<b>Total Expenditures of Department of Agriculture Awards</b>		<u>3,758</u>
<b>Department of Housing and Urban Development</b>		
<b>Community Planning and Development</b>		
Passed through the Wyoming Business Council Community Development Block Grant	14.228	<u>41,946</u>
<b>Total Expenditures of Department of Housing and Urban Development Awards</b>		<u>41,946</u>
<b>Department of Transportation</b>		
<b>Federal Aviation Administration</b>		
Passed through the State of Wyoming, Department of Transportation Airport Improvement Program	20.106	<u>24,008</u>
<b>Total Expenditures of Department of Transportation Awards</b>		<u>24,008</u>
Total Federal Assistance		<u>\$ 632,650</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, 2006

#### **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, 2006

**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	97.073	\$ <u>206,332</u>
Total		\$ <u><u>206,332</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 \$300,000 or more in federal awards. Type B programs are all programs with less than \$300,000 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

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## 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, 2006, which collectively comprise Carbon County's basic financial statements and have issued our report thereon dated December 14, 2006. 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 Ischack Peterson & Co., LLC*

December 14, 2006  
Laramie, Wyoming

# Mader Tschacher Peterson & Co., LLC

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## 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, 2006. 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 a 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, 2006.

## 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.

*Madr Ischachen Peterson & Co., LLC*

December 14, 2006  
Laramie, Wyoming