



**Carbon County, Wyoming**

Financial Statements  
and Supplemental Information

For the Year Ended June 30, 2019





## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT DISCUSSION AND ANALYSIS	4-9
FINANCIAL STATEMENTS	
Statement of net position	10
Statement of activities	11
Balance sheet – governmental funds	12
Reconciliation of the governmental funds balance sheet to the statement of net position	13
Statement of revenues, expenditures, and changes in fund balances – governmental funds	14
Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balance to the statement of activities	15
Notes to financial statements	16-41
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund	42-43
Notes to schedule of revenues, expenditures, and changes in fund balances – budget and actual (non-GAAP budgetary basis) – general fund	44
Schedule of the County's share of the net pension liability	45
Schedule of County pension contributions	46
Schedule of the County's share of the net pension liability and pension contributions – Weed and Pest Control District	47
Schedule of the County's share of the net pension liability and pension contributions – Library Board	48
Schedule of the County's OPEB liability as a percentage of covered payroll	49
Schedule of the County's changes in OPEB liability	50
OTHER SUPPLEMENTARY INFORMATION	
Statement of revenues, expenditures, and changes in fund balance – budget and actual (non-GAAP budgetary basis) – County Road special revenue fund	51
Combining statement of net position – discreetly presented component units	52
Combining statement of activities – discreetly presented component units	53-54

OTHER SUPPLEMENTARY INFORMATION (Continued)

Combining statement of changes in assets and liabilities – fiduciary fund type agency funds	55
Schedule of findings and responses	56-57

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	58-59
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## INDEPENDENT AUDITOR'S REPORT

To the County Commissioners  
Carbon County, Wyoming  
Rawlins, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, 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, 2019, 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.

### ***Emphasis of a Matter***

The COVID-19 outbreak in 2020 (see Note 14) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, the County recorded a prior period adjustment for taxes collected that were recognized as revenue by the county, however, this revenue is distributed to other tax districts and units as well. The result of this restatement is described in Note 13.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 4 through 9 and 42 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbon County, Wyoming's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis



and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020, on our consideration of Carbon County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carbon County, Wyoming's internal control over financial reporting and compliance.

ACM LLP

Laramie, Wyoming  
October 13, 2020

## CARBON COUNTY, WYOMING

### MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

As management of Carbon County, we offer readers of the Carbon County financial statements this narrative overview and analysis of the financial activities of Carbon County for the fiscal year ended June 30, 2019.

#### Financial Highlights

- \$ The assets of Carbon County exceeded its liabilities at the close of the most recent fiscal year by \$50,495,788 (*net position*). Of this amount, \$6,146,174 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
  
- \$ At the end of the current fiscal year, the Carbon County general fund reported \$9,280,191 *available for spending* at the government's discretion (*unassigned fund balance*).
  
- \$ The County's valuation for the fiscal year ending June 30, 2019 increased to \$624,793,230 from the fiscal year ending June 30, 2018 of \$564,336,907, an increase of \$60,456,323. The increase is mainly due to the increase in oil and gas production.

#### **Overview of the Financial Statements**

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

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Carbon County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Carbon County is improving or deteriorating.

# CARBON COUNTY, WYOMING

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and grants. The government activities of the County include general government, public safety, highways and streets (county roads), health and welfare, and culture and recreation.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

*Government Funds.* Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund. Data from other nonmajor funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Carbon County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on page 55 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 12 of this report.

**Other information.** Due to the County’s implementation of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, comparative analysis of government-wide data for the preceding fiscal year and current fiscal year is included in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County, net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Carbon County’s Net Position**

	Governmental Activities	
	2019	2018
Current and Other assets	\$ 17,309,684	\$ 20,318,164
Capital assets	46,273,640	44,842,849
Deferred outflows	3,812,675	2,376,075
Total assets and deferred outflows	67,395,999	67,537,088
Long-term liabilities outstanding	14,976,747	13,055,344
Other liabilities	1,335,073	1,505,503
Total liabilities	16,311,820	14,560,847
Deferred inflows	588,391	1,822,501
Net position:		
Invested in capital assets, net of related debt	43,027,846	44,207,082
Restricted	1,321,768	4,117,264
Unrestricted	6,146,174	2,829,394
Total net position	\$ 50,495,788	\$ 51,153,740

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$50,495,788 at the close of the most recent fiscal year. By far the largest portion of the County's net position reflects its net investment of \$43,027,846 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position in all County funds of \$6,146,174 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to the capital project funds.

At June 30, 2019, the County is able to report positive balances in both categories of net position for the government as a whole and for fiduciary-type activities.

**Carbon County Changes in Net Income**

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,438,178	\$ 3,257,217
Operating Grants and Contributions	2,167,853	2,295,988
General Revenues:		
Property Taxes	7,508,793	5,988,991
Sales Taxes	2,331,941	1,876,835
Other Taxes	2,796,985	3,122,557
Payment in Lieu of Taxes	1,314,622	1,435,790
Other Revenues	990,712	1,217,347
Total Revenues	\$ 21,549,084	\$ 19,194,725

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019

	Governmental Activities	
	2019	2018
Expenses:		
General Government	\$ 11,527,938	\$ 9,938,495
Public Safety	5,270,469	4,525,410
Public Works	1,167,503	2,466,759
Health, Welfare and	575,494	407,001
Recreation	33,935	933,323
Non-departmental	3,566,450	2,509,628
Interest on Long		
Term Debt	91,663	104,158
Total Expenses	22,233,452	20,884,774
Total General		
Revenues:	21,549,084	19,194,725
Changes in Net		
Position	(684,368)	(1,690,049)
Net Position -		
beginning , as restated	51,153,740	52,843,789
Net Position -		
ending	\$ 50,469,372	\$ 51,153,740

Analysis of Changes in Net Position

The County's net position decreased by \$657,952 during the current fiscal year. The County also recorded an adjustment to beginning net position during the current fiscal year, as described in Note 13. The FY 2017-2018 amount was \$56,437,708 as compared to our current year-end amount of \$51,153,740.

Budgetary Highlights

The significant highlight of the fiscal year 2018-2019 was that the increase in assessed valuation was after several years of decreases. In addition the county began collecting impact assistance payments for numerous wind projects. These payments are used to deal with unmitigated impacts caused by the projects and have been valuable for the county especially with roads and law enforcement

Capital Assets and Debt Administration

Capital assets and debt administration are discussed in Notes 4 and 5 to financial statements in detail. A summary follows:

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019

<u>Capital Assets</u>	<u>Governmental Activities</u>
Land & construction in progress	\$ 2,643,612
Capital assets being depreciated	107,471,955
Accumulated depreciation	<u>(63,841,927)</u>
Net capital assets	<u>\$ 46,273,640</u>
Long-term debt	<u>\$ 3,245,794</u>

Economic Factors and Next Year's Budget

The continuing lack of gas and oil production as well as numerous additional oil and gas company bankruptcies continue to affect the County's budget and fiscal outlook. There are numerous wind projects and transmission lines beginning development and more slated for the near future. These will bring additional significant revenues in both impact assistance payments to deal with unmitigated impacts and in sales and other taxes. In May 2019 voters passed a specific purpose tax including \$18 million for Carbon County to fund major and much needed improvements to the Courthouse and Carbon Building. Construction is anticipated to begin in late 2020 or early 2021 and the county will hire a construction manager at risk to manage the project.

Payment in Lieu of Taxes (PILT) funding was once again approved and while we expected a 40% decrease, we received full funding. There is never a guarantee of payment in the future and with recent payments being approximately \$1.4 million this is significant revenue for the county. The law regarding reimbursement of a portion of county attorney salaries changed several years ago and the legislature could decide not to reimburse the county at any time. This remains something the county watches closely each year as this is also a significant revenue source.

Requests for Information

The financial report is designed to provide a general overview of Carbon County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County, Office of the County Clerk, P.O. Box 6, Rawlins, WY 82301 or Carbon County, Office of the Treasurer, P.O. Box 7, Rawlins, WY 82301.

CARBON COUNTY, WYOMING

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government	
	Governmental Activities	Component Units
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 3,218,787	\$ 1,702,120
Investments (Note 3)	12,673,846	405,629
Receivables:		
Taxes	848,652	175,951
Accounts	-	36,367
Other	33,109	-
Due from other governments	336,974	-
Prepaid expenses	198,316	5,191
Inventory	-	76,117
Capital assets (Note 4)		
Land	2,099,347	-
Infrastructure	50,395,592	-
Buildings and improvements	42,013,154	1,781,098
Equipment	15,063,209	537,146
Construction in progress	544,265	-
Accumulated depreciation	(63,841,927)	(1,251,529)
Total Assets	<u>63,583,324</u>	<u>3,468,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions (Note 7)	<u>3,812,675</u>	<u>191,048</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 67,395,999</u>	<u>\$ 3,659,138</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 188,712	\$ 91,443
Claims payable	215,000	-
Accrued compensated absences (Note 5)	424,264	41,668
Accrued interest payable	10,470	-
Capital lease payable - current (Note 5)	496,627	-
Non-current liabilities		
Capital lease payable - long-term (Note 5)	2,749,167	-
Post-employment health plan liability (Note 8)	2,734,562	-
Aggregate net pension liability (Note 7)	9,493,018	715,205
Total Liabilities	<u>16,311,820</u>	<u>848,316</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions (Note 7)	<u>588,391</u>	<u>17,961</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	43,027,846	1,066,715
Restricted	1,321,768	-
Unrestricted	6,146,174	1,726,146
Total Net Position	<u>\$ 50,495,788</u>	<u>\$ 2,792,861</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary	
				Governmental Activities	Component Units
Governmental activities					
General government	\$ 11,527,938	\$ 3,738,141	\$ 511,242	\$ (7,278,555)	\$ -
Public safety	5,270,469	284,881	1,033,380	(3,952,208)	-
Highways and streets	1,167,503	15,439	5,307	(1,146,757)	-
Health and welfare	575,494	380,311	426,578	231,395	-
Culture and recreation	33,935	19,406	191,346	176,817	-
Interest	91,663	-	-	(91,663)	-
Depreciation - unallocated	3,566,450	-	-	(3,566,450)	-
Total primary government	<u>\$ 22,233,452</u>	<u>\$ 4,438,178</u>	<u>\$ 2,167,853</u>	<u>\$ (15,627,421)</u>	<u>\$ -</u>
Component units	<u>\$ 1,975,215</u>	<u>\$ 556,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,418,948)</u>
General Revenues					
Property taxes				\$ 7,508,793	\$ 1,406,105
Sales taxes				2,331,941	-
Other taxes				2,796,985	-
Interest and investment revenue				532,908	11,085
Other				457,804	88,158
Payment in lieu of taxes				1,314,622	-
Total general revenues				<u>14,943,053</u>	<u>1,505,348</u>
Change in net position				(684,368)	86,400
Net position, beginning, as restated (Note 13)				<u>51,153,740</u>	<u>2,706,461</u>
Net position - end of year				<u>\$ 50,469,372</u>	<u>\$ 2,792,861</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 June 30, 2019

	General Fund	County Roads Fund	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 3,218,787	\$ -	\$ 3,218,787
Investments	9,067,447	3,606,400	12,673,847
Receivables:			
Taxes	66,646	-	66,646
Interest	33,109	-	33,109
Due from other funds	1,243,523		1,243,523
Due from other governments	336,974	-	336,974
Prepaid expenses	198,316	-	198,316
Total Assets	\$ 14,164,802	\$ 3,606,400	\$ 17,771,202
<b>LIABILITIES</b>			
Accounts payable	\$ 182,160	\$ -	\$ 182,160
Claims payable	215,000	-	215,000
Due to general fund	-	1,243,523	1,243,523
Other liabilities	6,552	-	6,552
Total Liabilities	403,712	1,243,523	1,647,235
<b>FUND BALANCES</b>			
Fund balances			
Nonspendable	635,045	-	635,045
Restricted	1,321,768	2,362,877	3,684,645
Committed	195,822	-	195,822
Assigned	2,328,264	-	2,328,264
Unassigned - undesignated	9,280,191	-	9,280,191
Total Fund Balances	13,761,090	2,362,877	16,123,967
Total Liabilities and Fund Balances	\$ 14,164,802	\$ 3,606,400	\$ 17,771,202

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

June 30, 2019

**Total fund balances - governmental funds** \$ 16,123,967

Amounts reported for governmental activities in the statement of net position 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	110,115,567	
Less accumulated depreciation	<u>(63,841,927)</u>	46,273,640

Deferred outflows and inflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.

Aggregate deferred outflows and inflows related to pensions		3,224,284
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental leases payable	(3,245,794)	
Compensated absences	(424,264)	
Post-employment health plan liability	(2,734,562)	
Accrued interest on long-term debt	(10,470)	
Aggregate net pension liability	<u>(9,493,018)</u>	(15,908,108)

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

Taxes and other receivables		<u>782,005</u>
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**Total net position - statement of net position (governmental activities)** **\$ 50,495,788**

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, 2019

	<u>General Fund</u>	<u>County Roads Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 12,917,572	\$ 756,834	\$ 13,674,406
Licenses and permits	813,730	-	813,730
Intergovernmental	2,383,543	-	2,383,543
Charges for services	2,974,812	-	2,974,812
Program revenue	1,741,487	-	1,741,487
Interest	479,392	47,889	527,281
Miscellaneous	300,187	-	300,187
Total revenues	<u>21,610,723</u>	<u>804,723</u>	<u>22,415,446</u>
<b>EXPENDITURES</b>			
Current:			
General government	11,882,995	-	11,882,995
Public safety	5,766,578	-	5,766,578
Highways and streets	1,345,165	61,772	1,406,937
Health and welfare	1,094,462	-	1,094,462
Culture and recreation	33,935	-	33,935
Total expenditures	<u>20,123,135</u>	<u>61,772</u>	<u>20,184,907</u>
Excess (deficiency) of revenues over expenditures	1,487,588	742,951	2,230,539
Fund balance, beginning	<u>12,273,502</u>	<u>1,619,926</u>	<u>13,893,428</u>
Fund balance, ending	<u>\$ 13,761,090</u>	<u>\$ 2,362,877</u>	<u>\$ 16,123,967</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**

For the Year Ended June 30, 2019

<b>Total net change in fund balances - governmental funds</b>		<b>\$ 2,230,539</b>
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	2,247,486	
Current year depreciation	<u>(3,588,697)</u>	(1,341,211)
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.		
Capital lease principal payments		741,167
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 long-term compensated absences	(56,783)	
Change in accrued interest payable	1,894	
Change in post-employment health benefit plan liability	40,394	
Change in pension liability, deferred outflows and deferred inflows	<u>(870,941)</u>	(885,436)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.		
Change in receivables		<u>248,511</u>
<b>Change in net position on statement of activities (governmental activities)</b>		<b><u>\$ 993,570</u></b>

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 the governing board, and the ability to significantly influence operations. Based on the application of these criteria, the following is a brief review of certain entities included in the County's reporting entity.

#### Discretely Presented Component Units

The columns in the combining statements for component units include the financial data of the County's other component units. They are reported in separate columns to emphasize that they are legally separate from the County. The governing boards of these component units are appointed entirely by the Board of County Commissioners or jointly with other participating governmental entities.

The *Carbon County Weed and Pest Control District* (District) was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and levies taxes (if necessary) on behalf of the District. The District does issue separate external financial statements.

## NOTES TO FINANCIAL STATEMENTS

The *Carbon County Fair Board* (Fair Board) maintains and manages the operations of the County Fair and conducts agricultural, industrial and other fairs and exhibitions within the County. The Fair Board is fiscally dependent upon the County because the Board of Commissioners approves the Fair Board's budget, levies taxes (if necessary) and must approve any debt issuances. The Fair Board's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Fair Board does not issue separate external financial statements.

The *Carbon County Library System* (Library System) maintains and manages the operations of the County Library and library system. The Library System is fiscally dependent upon the County because the Board of Commissioners approves the Library System's budget, levies taxes (if necessary) and must approve any debt issuances. The Library System's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Library System does not issue separate external financial statements.

The *Carbon County Museum Board* (Museum) maintains and manages the operations of the County Museum. The Museum is fiscally dependent upon the County because the Board of Commissioners approves the Museum's budget, levies taxes (if necessary) and must approve any debt issuances. The Museum's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Museum does not issue separate external 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.

## NOTES TO FINANCIAL STATEMENTS

County Road Fund – The County Road Fund is a special revenue fund used to account for special fuels taxes used for county road maintenance.

### 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
County Road Fund	Major

Significant Accounting Policies Followed By The County Are As Follows:

### Basis of Presentation

Government-wide financial statements – The statement of net position 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.

## NOTES TO FINANCIAL STATEMENTS

Fund financial statements are also provided in the report for all of the governmental funds, special revenue funds, and 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 position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

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.

### Investments

The County uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the County's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

## NOTES TO FINANCIAL STATEMENTS

FASB ASC guidance establishes a fair value hierarchy which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level 1: Quoted prices available in active markets for indicated investments as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities and listed derivatives.
- Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation.

The County has valued its investments utilizing the Level 1 approach.

### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 2018 tax levy, which was collectible during the year ended June 30, 2019.

### Compensated Absences

All regular, full-time employees of the General Fund and Fair Board 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 the General Fund and Fair Board 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 paid out to terminated employees 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 accrues 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 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.

### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 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

### 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

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometime report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists 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 position is 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 position is available.

### 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.

The Government Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

## NOTES TO FINANCIAL STATEMENTS

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as a fund balance associated with inventories. This Statement also provides for additional classifications as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent.

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. The County does have fund balances that meet the criteria above.

**Restricted** – The restricted fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The County does have fund balances that meet the criteria above.

**Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The County does have fund balances that meet the criteria above.

**Assigned** – The assigned fund balance classification includes amounts constrained by the government's intent (Board of County Commissioners) to be used for specific purposes, but are neither restricted nor committed. The County does have fund balances that meet the criteria above.

**Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the County's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

### Subsequent Events

Management has evaluated subsequent events through October 13, 2020 the date the financial statements were available for use.

## 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	\$ 12,917,572	\$ 124,003	\$ 13,041,575
Licenses and permits	813,730	-	813,730
Intergovernmental	2,383,543	-	2,383,543
Charges for services	2,974,812	(2,600,243)	374,569
Program revenue	1,741,487	-	1,741,487
Interest	479,392	-	479,392
Miscellaneous	300,187	-	300,187
Total revenues	\$ 21,610,723	\$ (2,476,240)	\$ 19,134,483
Expenditures:			
General government	\$ 11,882,995	\$ (1,831,888)	\$ 10,051,107
Public safety	5,766,578	26,841	5,793,419
Highways and streets	1,345,165	(190,016)	1,155,149
Health and welfare	1,094,462	-	1,094,462
Culture and recreation	33,935	-	33,935
Total expenditures	\$ 20,123,135	\$ (1,995,063)	\$ 18,128,072
Special Revenue Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 756,834	\$ -	\$ 756,834
Interest	47,889	-	47,889
Total revenues	\$ 804,723	\$ -	\$ 804,723
Expenditures:			
Highways and streets	\$ 61,772	\$ -	\$ 61,772
Total expenditures	\$ 61,772	\$ -	\$ 61,772

## 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, 2019, there were no budgets of Carbon County that had expenditures in excess of appropriations.

### Note 3. Cash and Investments

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.

#### Deposits

At June 30, 2019, the carrying amount of the County's deposits in financial institutions was \$11,138,108. The 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, 2019, the County had \$7,963,277 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, 2019, the County had investments with weighted average maturities as shown in the following table:

## NOTES TO FINANCIAL STATEMENTS

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Federal National Mortgage Association	\$ 333,402	\$ 333,402	6.45
Government National Mortgage Association	6,192	6,192	5.16
Federal Home Loan Bank	334,359	334,359	6.22
Federal Home Loan Mortgage	128,983	128,983	5.00
Federal Farm Credit Bank	636,472	636,472	5.88
Certificates of Deposit	5,157,242	5,157,242	0.34
US Treasury	153,362	153,362	0.07
State of Wyoming Investment Pool	<u>7,963,277</u>	<u>7,963,277</u>	
 Total	 <u>\$ 14,713,289</u>	 <u>\$ 14,713,289</u>	

### 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 on an 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 of the portfolio on an 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:

## NOTES TO FINANCIAL STATEMENTS

Investment Type	Fair Value	AAA	Insured	Unrated
Federal National Mortgage Association	\$ 333,402	\$ -	\$ 333,402	\$ -
Government National Mortgage Association	6,192	-	6,192	-
Federal Home Loan Bank	334,359	-	334,359	-
Federal Home Loan Mortgage	128,983	-	128,983	-
Federal Farm Credit Bank	636,472	-	636,472	-
Certificates of Deposit	5,157,242	-	5,157,242	-
US Treasury	153,362	-	153,362	-
State of Wyoming Investment Pool	<u>7,963,277</u>	<u>-</u>	<u>-</u>	<u>7,963,277</u>
<b>Total</b>	<u>\$ 14,713,289</u>	<u>\$ -</u>	<u>\$ 6,750,012</u>	<u>\$ 7,963,277</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.

### 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, which mitigates its exposure to foreign currency risk.

### 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, 2019, the County held securities from the following issuers in excess of 5% of the total portfolio:

Certificates of Deposit	\$ 5,157,242
State of Wyoming Investment Pool	<u>7,963,277</u>
Total	<u>\$ 13,120,519</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Changes in Capital Assets

During the year ended June 30, 2019, changes in capital assets were as follows:

	Governmental Activities			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
Land	\$ 2,099,347	\$ -	\$ -	\$ 2,099,347
Infrastructure	49,264,491	1,214,498	83,397	50,395,592
Buildings and improvements	42,580,418	158,622	725,886	42,013,154
Equipment	15,137,467	353,654	427,912	15,063,209
Construction in progress	151,551	392,714	-	544,265
<b>Total</b>	<b>\$ 109,233,274</b>	<b>\$ 2,119,488</b>	<b>\$ 1,237,195</b>	<b>\$ 110,115,567</b>

	Accumulated Depreciation Governmental Activities			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
Infrastructure	\$ 34,261,560	\$ 2,106,216	\$ 83,397	\$ 36,284,379
Buildings and improvements	17,636,382	962,468	725,886	17,872,964
Equipment	9,492,483	620,013	427,912	9,684,584
<b>Total</b>	<b>\$ 61,390,425</b>	<b>\$ 3,688,697</b>	<b>\$ 1,237,195</b>	<b>\$ 63,841,927</b>

	Discretely Presented Component Units			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
Buildings and improvements	\$ 1,651,262	\$ 129,836	\$ -	\$ 1,781,098
Equipment	590,334	26,426	79,614	537,146
<b>Total</b>	<b>\$ 2,241,596</b>	<b>\$ 156,262</b>	<b>\$ 79,614</b>	<b>\$ 2,318,244</b>

	Accumulated Depreciation Discretely Presented Component Units			
	Balance	Additions	Deletions	Balance
	June 30, 2018			June 30, 2019
Buildings and improvements	\$ 771,230	\$ 40,842	\$ -	\$ 812,072
Equipment	485,261	33,810	79,614	439,457
<b>Total</b>	<b>\$ 1,256,491</b>	<b>\$ 74,652</b>	<b>\$ 79,614</b>	<b>\$ 1,251,529</b>

### Note 5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

## NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Accrued compensated absences	\$ 367,481	\$ 56,783	\$ -	\$ 424,264
Capital lease obligations	<u>3,635,767</u>	<u>-</u>	<u>389,973</u>	<u>3,245,794</u>
Total	<u>\$ 4,003,248</u>	<u>\$ 56,783</u>	<u>\$ 389,973</u>	<u>\$ 3,670,058</u>

As of June 30, 2019, the governmental long-term debt of the financial reporting entity consisted of the following:

Capital lease payable to Kinetic Leasing, Inc. due in semi-annual installments of \$52,954, including interest at 4.60% through December 2019, secured by equipment.	\$ 51,813
Capital lease payable to the Kinetic Leasing, Inc., due in annual principal installments of \$60,426, including interest at 2.19% through December 2024, secured by real estate and the hospital building.	330,012
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual installments of \$8,822, including interest at 4.98% through December 2019, secured by equipment.	8,316
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual installments of \$25,038, including interest at 3.32% through January 2020, secured by equipment.	24,364
Capital lease payable to Kinetic Leasing, Inc. due in annual installments of \$32,156, including interest at 2.66% through March 2022, secured by equipment.	91,556
Capital lease payable to Pinnacle Bank Public Finance, Inc. due in semi-annual installments of \$158,741, including interest at 2.35% through June 2028, secured by equipment.	2,561,906
Capital lease payable to Bank of Commerce due in semi-annual installments of \$29,352, including interest at 3.70% through May 2023, secured by equipment.	107,291
Capital lease payable to Kinetic Leasing, Inc. due in annual installments of \$34,432, including interest at 2.15% through June 2020, secured by equipment.	33,688
Capital lease payable to Kinetic Leasing, Inc. due in annual installments of \$19,117, including interest at 2.47% through December 2020, secured by equipment.	36,848
	\$ 3,245,794

## NOTES TO FINANCIAL STATEMENTS

### Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2019 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2020	\$ 496,627	\$ 82,614	\$ 579,241
2021	394,592	63,924	458,516
2022	385,187	54,228	439,415
2023	362,485	44,763	407,248
2024	341,993	35,915	377,908
Thereafter	1,264,910	65,443	1,330,353
	\$ 3,245,794	\$ 346,887	\$ 3,592,681

The June 30, 2019 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u>\$ 624,793,230</u>
Debt limit - 2% of total assessed valuation	\$ 12,495,865
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 12,495,865</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 position (entity-wide reporting) for the vested amount owed as of June 30, 2019.

### Note 6. Pension Plan

#### **Description**

All County full-time or regular part-time employees participate in the Wyoming Retirement System (WRS), a multiple-employer public employee retirement system.

#### **Benefits**

All County full-time or regular part-time employees are eligible to participate in WRS. 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. WRS also provides death and disability benefits. Benefits are established by State statutes.

## NOTES TO FINANCIAL STATEMENTS

### ***Contribution Rates***

WRS statutorily requires 17.12% (16.62 until 9/1/18) of the covered employee's salary to be contributed to the plan. The County has elected to fund both the employer's and employees' share of the required contribution into the plan for its employees. The contribution requirement for the years ended June 30, 2019 and 2018 was \$1,147,948 and \$1,042,632, respectively.

Note 7. Pension Liabilities, Pension Expenses, and Deferred Outflows and Inflows of Resources Related to Pensions

### ***Pension Liabilities***

As of June 30, 2019, the pension liability recorded for the County represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the County is a participant. The County reported a pension liability as follows for the fiscal years ended June 30, 2019 and June 30, 2018:

	Proportionate Share of Net Pension Liability as of June 30, 2019	Proportionate Share of Net Pension Liability as of June 30, 2018
Public Employee Pension	\$ 6,013,706	\$ 4,501,141
Law Enforcement Pension	3,479,312	1,276,173
Total County	\$ 9,493,018	\$ 5,777,314
Component Units:		
County Library System	\$ 458,356	\$ 329,994
Weed and Pest Control District	256,669	176,019
	\$ 715,025	\$ 506,013

The measurement date of the Wyoming Retirement System pension plan fiduciary net position was December 31, 2018 and the actuarial determination of the total pension liability was January 1, 2019. The County's proportionate share of the net pension liability was determined per plan by calculating the percentage of the County's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2018 to December 31, 2018). The County's proportionate share of the net pension liability for each plan as of December 31, 2018 and December 31, 2017 is as follows:

	Proportionate Share as of December 31, 2018	Proportionate Share as of December 31, 2017
Public Employee Pension	0.209826%	0.197476%
Law Enforcement Pension	1.473031%	1.483156%
Component Units:		
County Library System	0.015057%	0.014478%
Weed and Pest Control District	0.008428%	0.007722%

## NOTES TO FINANCIAL STATEMENTS

### *Pension Expense*

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2019, the County recognized a total pension expense of \$1,075,859.

### *Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2019, the County reported the following deferred outflows and inflows of resources related to pensions:

	County General	County Library System	Weed and Pest Control District
<i>Deferred Outflows of Resources</i>			
Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ 1,474,919	\$ 68,812	\$ 38,544
Amounts related to the change in County's proportionate share of assumptions or other inputs	1,785,310	22,908	12,824
Difference between expected and actual experience	4,786	-	12,119
Contributions subsequent to the measurement date	<u>547,660</u>	<u>22,727</u>	<u>13,114</u>
Total Deferred Outflows Related to Pensions	<u>\$ 3,812,675</u>	<u>\$ 114,447</u>	<u>\$ 76,601</u>
<i>Deferred Inflows of Resources</i>			
Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ -	\$ -	\$ -
Amounts related to the change in the County's proportionate share of the net pension liability	280,234	-	-
Difference between expected and actual experience	<u>308,157</u>	<u>11,515</u>	<u>6,446</u>
Total Deferred Inflows Related to Pensions	<u>\$ 588,391</u>	<u>\$ 11,515</u>	<u>\$ 6,446</u>

The \$583,501 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30:

## NOTES TO FINANCIAL STATEMENTS

<u>Amortization Schedule</u>	<u>County General</u>	<u>County Library System</u>	<u>Weed and Pest Control District</u>
2020	\$ 675,963	\$ 24,207	\$ 15,701
2021	675,963	24,207	15,701
2022	675,963	24,207	15,701
2023	648,735	17,583	9,938
	<u>\$ 2,676,624</u>	<u>\$ 90,204</u>	<u>\$ 57,041</u>

### *Actuarial Assumptions*

Actuarial valuations are performed every two years with the most recent valuation date of January 1, 2018. Actuarial methods and assumptions are disclosed below for the Wyoming Retirement System pension plans in which the County participates. Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. More detail about the actuarial methods and assumptions or the experience study can be found on the Wyoming Retirement System website.

	<u>Public Employee Pension</u>	<u>Law Enforcement Pension</u>
Valuation Date	01/01/2018	01/01/2018
Actuarial Cost Method	Individual entry age normal	Individual entry age normal
Amortization Method	Level percent open	Level percent open
Remaining Amortization Period	30	30
Asset Valuation Method	5-year	5-year
Actual Assumptions:		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases Includes Inflation	4.75% to 8.75%	4.75% to 8.75%
Assumed Inflation Rate	2.25%	2.25%
Mortality	*	*

\*Mortality Assumptions:

Pre-Retirement Mortality

RP-2014 Employee Mortality table, fully generational, projected with Scale MP-2017

Males: No set back with multiplier of 104%

Females: No set back with a multiplier of 90%

Post-Retirement Mortality

RP-2014 Healthy Annuitant Mortality table, fully generational, projected with MP-2017

Males: No set back with multiplier of 100%

Females: No set back with a multiplier of 88%

Disabled Mortality

RP-2014 Disabled Mortality table, fully generational, projected with Scale MP-2017

Males: No set back with multiplier of 100%

Females: No set back with a multiplier of 100%

## NOTES TO FINANCIAL STATEMENTS

Wyoming Retirement System assumes a 7.00% long term investment rate of return for its pension plans. The long term rate of return is determined through a 4.75% net real rate of return and an inflation rate of 2.25%. For the fiscal year ended December 31, 2018, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of -3.52% compared to the 7.00% expected rate of return.

### *Schedule of Investment Returns*

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

	Target Allocation	Arithmetic Real Return	Arithmetic		Geometric	
			Nominal Return	Geometric Real Return	Nominal Return	Geometric Real Return
<b>Tactical Cash</b>	<b>0.00%</b>	<b>30.00%</b>	<b>2.90%</b>	<b>30.00%</b>	<b>2.90%</b>	<b>2.90%</b>
<b>Fixed Income</b>	<b>20.00%</b>	<b>2.00%</b>	<b>4.60%</b>	<b>1.50%</b>	<b>4.10%</b>	<b>4.10%</b>
Core Plus	7.50%	1.40%	4.00%	1.30%	3.90%	3.90%
US Government	10.00%	1.80%	4.40%	1.10%	3.70%	3.70%
Opportunistic Credit	2.50%	4.20%	6.80%	3.70%	6.30%	6.30%
<b>Equity</b>	<b>49.00%</b>	<b>7.40%</b>	<b>10.00%</b>	<b>6.00%</b>	<b>8.60%</b>	<b>8.60%</b>
US Equity	23.60%	6.90%	9.50%	5.50%	8.10%	8.10%
Developed International	15.80%	7.70%	10.30%	5.90%	8.90%	8.90%
Emerging Markets	9.60%	10.70%	13.30%	7.80%	10.40%	10.40%
<b>Marketable Alternatives</b>	<b>19.00%</b>	<b>3.50%</b>	<b>6.10%</b>	<b>3.10%</b>	<b>5.70%</b>	<b>5.70%</b>
Opportunistic/Directional	0.0-10.0%	4.00%	6.60%	3.70%	6.30%	6.30%
Absolute Return	5.0-15.0%	3.20%	5.70%	2.80%	5.40%	5.40%
Enhanced Fixed Income	0.0-10.0%	2.70%	5.30%	2.30%	4.90%	4.90%
Global Asset Allocation	2.5-12.0%	3.00%	5.60%	2.50%	5.10%	5.10%
<b>Private Markets</b>	<b>12.00%</b>	<b>7.10%</b>	<b>9.60%</b>	<b>5.20%</b>	<b>7.80%</b>	<b>7.80%</b>
Private Real Assets	3.0-10.5%	7.00%	9.60%	5.40%	8.00%	8.00%
Real Estate	2.5-7.5%	3.80%	6.40%	3.20%	5.80%	5.80%
Private Debt	2.5-7.5%	6.20%	8.80%	4.70%	7.30%	7.30%
Private Equity	2.5-12.5%	10.90%	13.50%	7.50%	10.10%	10.10%
<b>Total</b>	<b>100.00%</b>	<b>5.50%</b>	<b>8.10%</b>	<b>4.40%</b>	<b>7.00%</b>	<b>7.00%</b>

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

### *Discount Rate*

The discount rate used to measure the total pension liability for all plans was 7.00%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTES TO FINANCIAL STATEMENTS**

Pension Plan	Single	Long-Term	Long-Term	Last year ending December 31 in
	Discount Rate	Expected Rate of Return	Municipal Bond Rate	the 2017 to 2060 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.00%	7.00%	3.71%	2117
Law Enforcement Pension	7.00%	7.00%	3.71%	2117

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table represents the County’s proportionate share of the net pension liability calculated using the discount rate 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage higher (8.00%) than the current rate.

Pension Plan	1.0% Decrease 6.00%	Current Discount Rate 7.00%	1.0% Increase 8.00%
Public Employee Pension	\$ 8,862,005	\$ 6,013,706	\$ 4,326,948
Law Enforcement Pension	5,238,420	3,479,312	2,053,195
Library Board Pension	635,942	458,536	298,552
Weed & Pest Control Pension	355,973	256,669	159,247

Note 8. Other Post-Employment Benefits

***Description***

The County has a single-employer defined benefit post-employment healthcare plan that was effective October 1, 2015. The plan has a fiscal year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. The plan is administered by BlueCross BlueShield of Wyoming and is not administered through a trust.

***Benefits***

All former employees, who have met certain requirements, are eligible to participate in the plan. The plan provides for employee and dependent healthcare coverage from the date of retirement onward, provided the participant was covered by the County’s health insurance plan prior to retiring. This plan is secondary to Medicare for all eligible retirees and/or dependents who are age sixty-five (65) or older.

## NOTES TO FINANCIAL STATEMENTS

### ***OPEB Liability***

The other post-employment benefits (OPEB) liability represents the County's total liability for its retirees' healthcare plan.

The County's net OPEB liability at June 30, 2019 was calculated as follows:

OPEB liability balance, June 30, 2018	\$	2,774,956
Service cost		108,498
Interest on the total OPEB liability		99,343
Difference between expected and actual experience		-
Changes of assumptions		(116,331)
Estimated benefit payments		(131,904)
OPEB liability balance, June 30, 2019	\$	2,734,562

### ***OPEB Expense/Income***

The changes in the annual OPEB liability are reported as OPEB expense or OPEB income in the Statement of Changes in Fiduciary Net Position. For the year ended June 30, 2019, the OPEB income was \$106,703.

### ***Actuarial Assumptions***

Actuarial valuations are performed annually with the most recent valuation date of October 1, 2017. Actuarial methods and assumptions are disclosed below for the County's retirement healthcare plan.

Measurement Date	10/1/2018
Census Data	October 1, 2018, rolled back to October 1, 2017 to determine October 1, 2017 liabilities
Discount Rate as of October 1, 2018	4.24%
Expected Rate of Return on Assets	N/A, the plan is unfunded and benefits are not paid from a qualifying trust
Salary Scale	3.0% per year
Employees Included in the Calculation	All current employees on 10/1/18
Mortality Rates	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA
Plan Participants	30% of retired employees are assumed to participate
Marital Assumptions	None
Market-related Value of Assets	20-year Municipal Bond AA rate
Cost Method	Entry Age Normal based upon salary

**NOTES TO FINANCIAL STATEMENTS**

***Participants***

The plan reported the following participant data at the measurement date, October 1, 2017:

Active Participants:	
Active Number	98
Average Age	49.7
Average Past Service	8.8
Average Future Service	10.3
Inactive Participants:	
Retirees Number	21
Average Age	68.4
Total Participant Number	119

***Discount Rate***

The discount rate used to measure the OPEB liability was 3.58%. The following tables illustrate the impact of two different rate sensitivity on the net OPEB liability for the fiscal year ending June 30, 2019:

Interest Rate Sensitivity on the Net OPEB Liability		
1.0% Decrease	Current Discount Rate	1.0% Increase
2.58%	3.58%	4.58%

\$ 3,288,323	\$ 2,734,562	\$ 2,361,488
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Healthcare Cost Trend Rate Sensitivity on the Net OPEB Liability		
1.0% Decrease	Current Discount Rate	1.0% Increase

\$ 2,564,059	\$ 2,734,562	\$ 3,249,473
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**Note 9. Self-Funded Health Insurance**

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

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

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Liability Risk

#### 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, 2017 to June 30, 2019:

Liability balance, June 30, 2017	\$ 290,000
Claims and changes in estimates	1,567,042
Claims payments	<u>(1,662,042)</u>
Liability balance, June 30, 2018	195,000
Claims and changes in estimates	1,665,696
Claims payments	<u>(1,645,696)</u>
Liability balance, June 30, 2019	<u>\$ 215,000</u>
Assets available to pay claims, June 30, 2019	<u>\$ 678,806</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.

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Fund Balance Classification

Classification of fund balances and descriptions as of June 30, 2019 are as follows:

#### General Fund

Nonspendable for receivables		
Taxes	\$	66,646
Interest		33,109
Due from other governments		336,974
Nonspendable for prepaid expenses		198,316
Total general fund nonspendable fund balances	\$	635,045
Restricted for detention center operating	\$	837,172
Restricted for unclaimed property		1,901
Restricted for self funded insurance		463,806
Restricted for abandoned vehicles		18,889
Total general fund restricted fund balances	\$	1,321,768
Committed for E911 surcharge	\$	68,908
Committed for Dixon airport		126,914
Total general fund committed fund balances	\$	195,822
Assigned for breast pumps	\$	3,280
Assigned for special projects		707,425
Assigned for cash reserve		1,080,533
Assigned for wind energy		388,678
Assigned for health		22,555
Assigned for fire strike		125,793
Total general fund assigned fund balances	\$	2,328,264
<b>Special Revenue Fund</b>		
Restricted for county roads	\$	2,362,877
Total special revenue fund restricted fund balance	\$	2,362,877

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Contingencies and Commitments

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.

### Note 13. Prior Period Adjustments

During the fiscal year ended June 30, 2019, the County discover an error on the allocation of Motor Vehicle tax revenue. The entire balance of the taxes collected were recognized as revenue by the county, however, this revenue is distributed to other tax districts and units as well. As a result, the beginning fund balance and general fund cash was reduced by \$5,283,968.

### Note 14. Subsequent Events

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the Company’s supply chain and customer base or cancellations will be affected is also uncertain. Therefore, while we expect this matter to negatively impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

**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, 2019

	Budget Original	Budget Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 5,080,811	\$ 5,080,811	\$ 13,041,575	\$ 7,960,764
Licenses and permits	360,825	360,825	813,730	452,905
Intergovernmental	1,881,365	1,881,365	2,383,543	502,178
Charges for services	146,960	146,960	374,569	227,609
Program revenue	3,221,173	3,221,173	1,741,487	(1,479,686)
Interest	46,750	46,750	479,392	432,642
Miscellaneous	227,913	227,913	300,187	72,274
<b>Total revenues</b>	<b>10,965,797</b>	<b>10,965,797</b>	<b>19,134,483</b>	<b>8,168,686</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	10,406,836	10,558,311	10,051,107	507,204
Public safety	7,379,240	7,379,240	5,793,419	1,585,821
Highways and streets	1,186,476	1,186,476	1,155,149	31,327
Health and welfare	1,259,843	1,259,843	1,094,462	165,381
Culture and recreation	75,203	75,203	33,935	41,268
<b>Total expenditures</b>	<b>20,307,598</b>	<b>20,459,073</b>	<b>18,128,072</b>	<b>2,331,001</b>
Excess (deficiency) of revenues over expenditures	(9,341,801)	(9,493,276)	1,006,411	10,499,687
Fund balance, beginning	12,273,502	12,273,502	12,273,502	-
Fund balance, ending	\$ 2,931,701	\$ 2,780,226	\$ 13,279,913	\$ 10,499,687

(Continued)

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, 2019

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 19,134,483
Differences- budget to GAAP	
Property taxes accrual difference	(807,492)
Other receivable difference	668,314
Interest receivable difference	15,175
Internal service fund	<u>2,600,243</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 21,610,723</u>
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Expenditures:

Actual total expenditures budgetary basis	\$ 18,128,072
Differences- budget to GAAP	
Prepaid expense difference	(2,764)
Accounts payable and other accrual differences	(157,570)
Unpaid claims liabilities accrual difference	(20,000)
Internal service fund	<u>2,175,397</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 20,123,135</u>
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CARBON COUNTY, WYOMING

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND**

For the Year Ended June 30, 2019

**A. Budgetary Basis**

Annual budgets are adopted for all governmental fund types on a basis of accounting that demonstrates compliance with Wyoming Statutes. 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 44. 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, 2019, there were no instances of excess of expenditures over appropriations in the General Fund.

CARBON COUNTY, WYOMING

**SCHEDULE OF THE COUNTY'S SHARE OF THE NET PENSION LIABILITY**

**Public Employee Pension Plan  
Last 10 Years\***

	County's Proportion of the net pension liability (asset)	County's Proportionate share of the net pension liability (asset)	County's covered payroll	County's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.23203%	\$ 4,094,640	\$ 3,785,290	108.17%	79.08%
2016	0.22747%	\$ 5,298,540	\$ 3,638,970	145.61%	76.40%
2017	0.21439%	\$ 5,182,968	\$ 3,607,953	143.65%	73.42%
2018	0.19748%	\$ 4,501,141	\$ 3,497,087	128.71%	76.35%
2019	0.19748%	\$ 6,013,706	\$ 4,439,152	174.88%	69.17%

**Law Enforcement Pension Plan  
Last 10 Years\***

	County's Proportion of the net pension liability (asset)	County's Proportionate share of the net pension liability (asset)	County's covered payroll	County's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	1.35240%	\$ 398,481	\$ 2,386,939	16.69%	94.76%
2016	1.41212%	\$ 1,060,786	\$ 2,316,847	45.79%	87.49%
2017	1.38712%	\$ 1,047,167	\$ 2,361,149	44.35%	88.11%
2018	1.48316%	\$ 1,276,173	\$ 2,324,244	54.91%	87.99%
2019	1.47303%	\$ 3,479,312	\$ 2,365,619	174.88%	69.17%

\*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the County's fiscal year. Only five years of information is currently available.

CARBON COUNTY, WYOMING

**SCHEDULE OF COUNTY PENSION CONTRIBUTIONS**

**Public Employee Pension Plan  
Last 10 Fiscal Years**

	Starutorily required contribution	Contributions in relation to the statutorily required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2010	\$ 436,225	\$ 436,225	\$ -	\$ 3,877,550	11.25%
2011	\$ 537,276	\$ 537,276	\$ -	\$ 3,938,974	13.64%
2012	\$ 515,715	\$ 515,715	\$ -	\$ 3,652,373	14.12%
2013	\$ 512,005	\$ 512,005	\$ -	\$ 3,626,098	14.12%
2014	\$ 553,842	\$ 553,842	\$ -	\$ 3,596,377	15.40%
2015	\$ 626,646	\$ 626,646	\$ -	\$ 3,823,344	16.39%
2016	\$ 603,915	\$ 603,915	\$ -	\$ 3,657,874	16.51%
2017	\$ 595,673	\$ 595,673	\$ -	\$ 3,607,953	16.51%
2018	\$ 580,081	\$ 580,081	\$ -	\$ 3,505,021	16.55%
2019	\$ 668,973	\$ 668,973	\$ -	\$ 3,924,910	17.04%

**Law Enforcement Pension Plan  
Last 10 Fiscal Years**

	Starutorily required contribution	Contributions in relation to the statutorily required Contributions in	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2010	\$ 395,533	\$ 395,533	\$ -	\$ 2,299,604	17.20%
2011	\$ 402,568	\$ 402,568	\$ -	\$ 2,340,507	17.20%
2012	\$ 373,341	\$ 373,341	\$ -	\$ 2,169,812	17.21%
2013	\$ 387,575	\$ 387,575	\$ -	\$ 2,253,326	17.20%
2014	\$ 413,144	\$ 413,144	\$ -	\$ 2,403,332	17.19%
2015	\$ 410,554	\$ 635,043	\$ -	\$ 2,386,939	17.20%
2016	\$ 377,322	\$ 377,322	\$ -	\$ 2,316,847	16.29%
2017	\$ 388,163	\$ 388,163	\$ -	\$ 2,361,149	16.44%
2018	\$ 402,196	\$ 402,196	\$ -	\$ 2,324,244	17.30%
2019	\$ 406,887	\$ 406,887	\$ -	\$ 2,365,619	17.20%

CARBON COUNTY, WYOMING

**SCHEDULES OF THE COUNTY'S SHARE OF THE NET PENSION LIABILITY  
AND PENSION CONTRIBUTIONS  
WEED AND PEST CONTROL DISTRICT**

**Share of Net Pension Liability  
Last 10 Years\***

	County's Proportion of the net pension liability (asset)	County's Proportionate share of the net pension liability (asset)	County's covered payroll	County's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.01072%	\$ 189,237	\$ 4,169,438	112.42%	79.08%
2016	0.00996%	\$ 231,903	\$ 4,039,699	149.69%	76.40%
2017	0.01043%	\$ 252,259	\$ 3,846,945	145.70%	73.42%
2018	0.00772%	\$ 176,019	\$ 3,741,716	129.12%	76.35%
2019	0.00843%	\$ 256,669	\$ 4,439,152	174.88%	69.17%

\*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the County's fiscal year. Only five years of information is currently available.

**Pension Contributions  
Last 10 Years\***

	Statutorily required contribution	Contributions in relation to the statutorily required Contributions in	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2017	\$ 26,894	\$ 26,894	\$ -	\$ 161,808	16.62%
2018	\$ 20,986	\$ 20,986	\$ -	\$ 126,269	16.62%
2019	\$ 26,553	\$ 26,553	\$ -	\$ 156,294	16.99%

\*The amounts presented for each year correspond to the County's fiscal year. Only three years of information is currently available.

CARBON COUNTY, WYOMING

**SCHEDULE OF THE COUNTY'S SHARE OF THE NET PENSION LIABILITY  
AND PENSION CONTRIBUTIONS  
LIBRARY BOARD**

**Public Employee Pension Plan  
Last 10 Years\***

	County's Proportion of the net pension liability (asset)	County's Proportionate share of the net pension liability (asset)	County's covered payroll	County's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.02285%	\$ 403,312	\$ 4,169,438	112.42%	79.08%
2016	0.02218%	\$ 513,574	\$ 4,039,699	149.69%	76.40%
2017	0.01758%	\$ 424,883	\$ 3,846,945	145.70%	73.42%
2018	0.01448%	\$ 329,994	\$ 3,741,716	129.12%	76.35%
2019	0.01506%	\$ 458,356	\$ 4,439,152	159.36%	71.22%

\*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the County's fiscal year. Only five years of information is currently available.

**Pension Contributions  
Last 10 Years\***

	Statutorily required contribution	Contributions in relation to the statutorily required Contributions in	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2011	\$ 56,165	\$ 56,165	\$ -	\$ 411,465	13.65%
2012	\$ 66,213	\$ 66,213	\$ -	\$ 468,931	14.12%
2013	\$ 54,675	\$ 54,675	\$ -	\$ 387,217	14.12%
2014	\$ 56,878	\$ 56,878	\$ -	\$ 390,914	14.55%
2015	\$ 63,115	\$ 63,115	\$ -	\$ 397,700	15.87%
2016	\$ 66,236	\$ 66,236	\$ -	\$ 398,532	16.62%
2017	\$ 39,369	\$ 39,369	\$ -	\$ 236,877	16.62%
2018	\$ 40,657	\$ 40,657	\$ -	\$ 235,012	17.30%
2019	\$ 45,535	\$ 45,535	\$ -	\$ 267,643	17.01%

\*The amounts presented for each year correspond to the County's fiscal year. Only nine years of information is currently available.

CARBON COUNTY, WYOMING

**SCHEDULE OF THE COUNTY'S OPEB LIABILITY  
AS A PERCENTAGE OF COVERED PAYROLL**

**Last 10 Fiscal Years\***

	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 2,734,562	\$ 2,774,956
County's covered payroll	\$ 4,375,614	\$ 4,506,883
Total OPEB liability as a percentage of covered payroll	62.5%	61.6%

\* Only two years of information is currently available.

CARBON COUNTY, WYOMING

**SCHEDULE OF THE COUNTY'S CHANGES IN OPEB LIABILITY**

**Last 10 Fiscal Years\***

	<u>2019</u>	<u>2018</u>
OPEB liability balance, beginning	\$ 2,774,956	\$ 2,881,659
Service cost	108,498	113,978
Interest on the total OPEB liability	99,343	82,127
Difference between expected and actual experience	-	60,867
Changes of assumptions	(116,331)	(243,152)
Estimated benefit payments	<u>(131,904)</u>	<u>(120,523)</u>
OPEB liability balance, ending	<u>\$ 2,734,562</u>	<u>\$ 2,774,956</u>

\* Only two years of information is currently available.

**OTHER SUPPLEMENTARY INFORMATION**

CARBON COUNTY, WYOMING

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

**COUNTY ROAD SPECIAL REVENUE FUND**

For the Year Ended June 30, 2019

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues				
Taxes	\$ 3,207,085	\$ 3,207,085	\$ 756,834	\$ (2,450,251)
Interest	<u>-</u>	<u>-</u>	<u>47,889</u>	<u>47,889</u>
Total revenues	<u>3,207,085</u>	<u>3,207,085</u>	<u>804,723</u>	<u>(2,402,362)</u>
Expenditures				
Current:				
Highways and streets	<u>3,207,085</u>	<u>3,207,085</u>	<u>61,772</u>	<u>3,145,313</u>
Total expenditures	<u>3,207,085</u>	<u>3,207,085</u>	<u>61,772</u>	<u>3,145,313</u>
Excess (deficiency) of revenues over expenditures	-	-	742,951	742,951
Fund balance, beginning	<u>1,619,926</u>	<u>1,619,926</u>	<u>1,619,926</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,619,926</u>	<u>\$ 1,619,926</u>	<u>\$ 2,362,877</u>	<u>\$ 742,951</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS**  
June 30, 2019

	County Fair Board	County Library System	County Museum	Weed and Pest Control District	Total
<b>ASSETS</b>					
Cash	\$ 436,941	\$ 190,212	\$ 175,943	\$ 899,024	\$ 1,702,120
Investments	-	77,414	-	328,215	405,629
Receivables					
Accounts	1,785	-	-	34,582	36,367
Taxes	5,127	66,724	27,076	77,024	175,951
Prepaid expenses	-	-	-	5,191	5,191
Inventory	-	-	-	76,117	76,117
Capital assets being depreciated, net	199,814	444,560	154,626	267,715	1,066,715
Total Assets	<u>643,667</u>	<u>778,910</u>	<u>357,645</u>	<u>1,687,868</u>	<u>3,468,090</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension related outflows	-	114,447	-	76,601	191,048
Total assets and deferred outflows of resources	<u>\$ 643,667</u>	<u>\$ 893,357</u>	<u>\$ 357,645</u>	<u>\$ 1,764,469</u>	<u>\$ 3,659,138</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 32,439	\$ 10,052	\$ 3,294	\$ 45,658	\$ 91,443
Aggregate pension liability	-	458,536	-	256,669	715,205
Accrued compensated absences	-	8,515	-	33,153	41,668
Total liabilities	<u>32,439</u>	<u>477,103</u>	<u>3,294</u>	<u>335,480</u>	<u>848,316</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension related inflows	-	11,515	-	6,446	17,961
Total liabilities and deferred inflows of resources	<u>32,439</u>	<u>488,618</u>	<u>3,294</u>	<u>341,926</u>	<u>866,277</u>
<b>NET POSITION</b>					
Invested in capital assets	199,814	444,560	154,626	267,715	1,066,715
Unrestricted	411,414	(39,821)	199,725	1,154,828	1,726,146
Total net position	<u>\$ 611,228</u>	<u>\$ 404,739</u>	<u>\$ 354,351</u>	<u>\$ 1,422,543</u>	<u>\$ 2,792,861</u>
Total Liabilities and Fund Balances	<u>\$ 643,667</u>	<u>\$ 893,357</u>	<u>\$ 357,645</u>	<u>\$ 1,764,469</u>	<u>\$ 3,659,138</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF ACTIVITIES –  
DISCRETELY PRESENTED COMPONENT UNITS**

For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs			
Governmental activities			
County Fair Board	\$ 168,276	\$ 71,075	\$ -
County Museum	242,655	28,411	-
County Library	550,000	56,113	-
Weed and Pest Control District	<u>1,014,284</u>	<u>400,668</u>	-
Total primary government	<u>\$ 1,975,215</u>	<u>\$ 556,267</u>	<u>\$ -</u>
Component units			
General Revenues			
Property taxes			
Interest and investment revenue			
Other			
Total general revenues			
Change in net position			
Net position, beginning			
Net position - ending			

Net (Expense) Revenue and Chsanges in Net Position

County Fair Board	County Library System	County Museum	Weed and Pest Control District	Total
\$ (97,201)	\$ -	\$ -	\$ -	\$ (97,201)
-	-	(214,244)	-	(214,244)
-	(493,887)	-	-	(493,887)
-	-	-	(613,616)	(613,616)
<u>\$ (97,201)</u>	<u>\$ (493,887)</u>	<u>\$ (214,244)</u>	<u>\$ (613,616)</u>	<u>\$ (1,418,948)</u>
\$ 17,688	\$ 347,930	\$ 221,559	\$ 818,928	\$ 1,406,105
2,682	4,776	459	3,168	11,085
56,166	-	-	31,992	88,158
<u>76,536</u>	<u>352,706</u>	<u>222,018</u>	<u>854,088</u>	<u>1,505,348</u>
(20,665)	(141,181)	7,774	240,472	86,400
<u>631,893</u>	<u>545,920</u>	<u>346,577</u>	<u>1,182,071</u>	<u>2,706,461</u>
<u>\$ 611,228</u>	<u>\$ 404,739</u>	<u>\$ 354,351</u>	<u>\$ 1,422,543</u>	<u>\$ 2,792,861</u>

CARBON COUNTY, WYOMING

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

June 30, 2019

	Governmental Units	Special Districts	Other	Total
<b>ASSETS</b>				
Cash	\$ 6,978,348	\$ 637,626	\$ 383,641	\$ 7,999,615
Investments	-	-	75,552	75,552
Taxes receivable	<u>3,932,373</u>	<u>340,012</u>	<u>-</u>	<u>4,272,385</u>
Total Assets	<u>\$ 10,910,721</u>	<u>\$ 977,638</u>	<u>\$ 459,193</u>	<u>\$ 12,347,552</u>
<b>LIABILITIES</b>				
Due to other taxing units	<u>\$ 10,910,721</u>	<u>\$ 977,638</u>	<u>\$ 459,193</u>	<u>\$ 12,347,552</u>
Total Liabilities and Net Position	<u>\$ 10,910,721</u>	<u>\$ 977,638</u>	<u>\$ 459,193</u>	<u>\$ 12,347,552</u>

CARBON COUNTY, WYOMING

**SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

**FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED  
TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

**Material Weakness in Internal Control**

**2019-001: Bank account reconciliation and recording all required entries**

**Criteria**

The Carbon County Treasurer is responsible for the collection and disbursement of the amounts remitted to the County. Part of this process includes reconciling all bank accounts on a monthly basis to assure that the balances agree to the general ledger.

**Condition**

The Carbon County Treasurer did not properly reconcile all of the cash accounts and agree them to the general ledger. As a result, there were several errors that were not detected by the Treasurer. The County hired an external accounting firm to assist with the year-end closing and reconciliations. Material errors were detected and corrected by the external accountant. Additionally, there was a significant delay in completing the audit due to the process and timing of hiring the outside assistance.

**Recommendation**

We recommend that the Carbon County Treasurer hire an individual or firm with the necessary education, experience and training to assist the Treasurer in carrying out the duties required of the position.

**Response**

The County has hired an external Certified Public Accounting that is assisting with closing the books and implementation of accounting systems to assure that the reconciliations and related entries are prepared in a timely matter.

**Significant Deficiency in Internal Control**

**2019-002: Financial Statement Preparation**

**Criteria**

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal control over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements, including the related footnotes. AU 265 emphasizes that the auditor cannot be a part of the entity's internal control over financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

(Continued)

CARBON COUNTY, WYOMING

**SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

(Continued)

**Condition**

The County has controls in place over the preparation of budget-basis financial reports, including in depth review by management and the Council and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. In our judgement, the County's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP.

**Recommendation**

In our judgement, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. The County should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

**Response**

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify that they are free from material misstatement. In addition, management will continue to provide the Council with any additional financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year and during review of the statements.

**Significant Deficiency in Compliance**

**2019-003: Treasurer Payments to other governments**

**Criteria**

As part of the fiduciary duty of the office, the Carbon County Treasurer is responsible for the collection and disbursement of the amounts remitted to the County. Additionally, the Wyoming Statutes require that the County Treasurer remit payments due to the other government entities for the portion of the collections owed to the respective governmental entity

**Condition**

During the year, the Carbon County Treasurer was not timely in the distribution of taxes to some of the other governmental entities. Additionally, the entities were not provided a detail listing of the amounts remitted by source.

**Recommendation**

In order to comply with the fiduciary duty of the position, we recommend that the Carbon County Treasurer take due care to make the payments and provide a detail listing of the source/purpose of the funds to all of the other governmental entities.

**Response**

The Carbon County Treasurer has implemented a system to track collection and remit the payments along with detail of the source of funds. The process will continue to be evaluated and refined as necessary to fulfill the fiduciary duties of the Treasurer position.



**INDEPENDENT AUDITOR’S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the business-type activities, and the aggregate remaining fund information of Carbon County, Wyoming as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Carbon County, Wyoming’s basic financial statements, and have issued our report thereon dated October 13, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Carbon County, Wyoming’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carbon County, Wyoming’s internal control. Accordingly, we do not express an opinion on the effectiveness of Carbon County, Wyoming’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. During our audit we did identify deficiencies in internal control that we consider to be material weaknesses, reference 2019-01. We did identify



an additional deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, reference 2019-002.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Carbon County, Wyoming's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, reference 2019-03.

### ***Carbon County, Wyoming's Response to Findings***

Carbon County, Wyoming's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Carbon County, Wyoming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ACM LLP

Laramie, Wyoming  
October 13, 2020