

Carbon County, Wyoming



FINANCIAL STATEMENTS

June 30, 2020

CARBON COUNTY, WYOMING
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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Carbon County
Rawlins, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming (the County), as of and for the year ended June 30, 2020, 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

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Carbon County Weed and Pest Control District (a discretely presented component unit), which represent 4 percent, 6 percent, and 4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. We also did not audit the financial statements of the Memorial Hospital of Carbon County (a discretely presented component unit), which represent 92 percent, 92 percent, and 90 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Carbon County Weed and Pest Control District and the Memorial Hospital of Carbon County is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedules of the proportionate share of the net pension liability, the schedules of contributions, the schedule of the OPEB liability as a percentage of covered payroll, and the schedule of changes in the OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is 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 May 27, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



JONES SIMKINS LLC
Logan, Utah
May 27, 2021

Basic Financial Statements

CARBON COUNTY
STATEMENT OF NET POSITION
June 30, 2020

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Total</u>	
<u>Assets</u>			
Pooled cash and cash equivalents	\$ 7,566,787	7,566,787	-
Cash and cash equivalents	8,205,961	8,205,961	10,804,009
Investments	3,534,952	3,534,952	4,432,612
Accounts receivable	-	-	10,716,256
Taxes receivable	8,486,700	8,486,700	717,370
Due from other governments	3,367,767	3,367,767	-
Prepaid expenses	-	-	298,841
Inventory	-	-	579,698
Restricted cash and cash equivalents	-	-	180,194
Capital assets, net of accumulated depreciation	51,049,124	51,049,124	14,109,930
Total assets	82,211,291	82,211,291	41,838,910
<u>Deferred outflows of resources</u>			
Pensions	2,386,002	2,386,002	64,264
Total deferred outflows of resources	2,386,002	2,386,002	64,264
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,077,069	1,077,069	3,362,961
Medicare accelerated payments payable	-	-	3,099,263
CARES Act provider relief fund	-	-	3,992,599
Due to other governments	3,538,243	3,538,243	-
Long-term liabilities:			
Due within one year	849,000	849,000	963,565
Due in more than one year	4,272,624	4,272,624	1,470,269
Post-employment health plan liability	2,734,562	2,734,562	-
Self insurance payable	161,505	161,505	-
Net pension liability	6,429,711	6,429,711	564,755
Total liabilities	19,062,714	19,062,714	13,453,412
<u>Deferred inflows of resources</u>			
Pensions	2,791,153	2,791,153	99,822
Property taxes	7,130,000	7,130,000	531,000
Total deferred inflows of resources	9,921,153	9,921,153	630,822
<u>Net position</u>			
Net investment in capital assets	46,341,294	46,341,294	13,915,720
Restricted for:			
State statute purposes	283,227	283,227	-
Road maintenance	2,728,393	2,728,393	-
Impact mitigation	2,979,509	2,979,509	-
Donor specified purposes, expendable	-	-	180,194
Unrestricted	3,281,003	3,281,003	13,723,026
Total net position	\$ 55,613,426	55,613,426	27,818,940

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

CARBON COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	Total
Primary government:							
Governmental:							
General	\$ 16,942,587	3,749,181	1,326,062	-	(11,867,344)	(11,867,344)	-
Public safety	8,027,397	331,598	232,954	-	(7,462,845)	(7,462,845)	-
Highways and streets	2,234,968	20,149	297,955	-	(1,916,864)	(1,916,864)	-
Health and welfare	788,656	86,800	109,194	-	(592,662)	(592,662)	-
Culture and recreation	55,498	17,784	211,344	-	173,630	173,630	-
Depreciation - unallocated	2,703,399	-	-	-	(2,703,399)	(2,703,399)	-
Interest and fiscal charges	103,856	-	-	-	(103,856)	(103,856)	-
Total governmental activities	<u>30,856,361</u>	<u>4,205,512</u>	<u>2,177,509</u>	<u>-</u>	<u>(24,473,340)</u>	<u>(24,473,340)</u>	<u>-</u>
Total primary government	<u>\$ 30,856,361</u>	<u>4,205,512</u>	<u>2,177,509</u>	<u>-</u>	<u>(24,473,340)</u>	<u>(24,473,340)</u>	<u>-</u>
Component units:							
Governmental activities:							
Weed and pest control district	\$ 1,274,725	523,002	133,129	-	-	-	(618,594)
County fair board	139,638	79,959	34,608	-	-	-	(25,071)
County library	444,429	2,050	72,178	-	-	-	(370,201)
County museum	246,850	4,232	5,150	-	-	-	(237,468)
Business-type activities:							
Memorial hospital	<u>33,897,705</u>	<u>29,117,143</u>	<u>438,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,342,043)</u>
Total component units	<u>\$ 36,003,347</u>	<u>29,726,386</u>	<u>683,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,593,377)</u>
General revenues:							
Taxes:							
Property taxes					\$ 8,180,258	8,180,258	1,758,456
Payments in lieu of taxes					1,505,226	1,505,226	-
Sales and use taxes					7,210,471	7,210,471	-
Other taxes and shared revenues					9,466,522	9,466,522	243,244
Total taxes					<u>26,362,477</u>	<u>26,362,477</u>	<u>2,001,700</u>
Interest and investment income (loss)					290,523	290,523	98,620
Gain on disposal of assets					(126,717)	(126,717)	8,155
Insurance recoveries					-	-	1,036,000
Miscellaneous					200,652	200,652	2,988
Total general revenues					<u>26,726,935</u>	<u>26,726,935</u>	<u>3,147,463</u>
Change in net position					2,253,595	2,253,595	(2,445,914)
Net position - beginning (as restated)					<u>53,359,831</u>	<u>53,359,831</u>	<u>30,264,854</u>
Net position - ending					<u>\$ 55,613,426</u>	<u>55,613,426</u>	<u>27,818,940</u>

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

CARBON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>County Roads</u>	<u>Impact Tax Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Pooled cash and cash equivalents	\$ 4,734,339	-	2,832,448	7,566,787
Cash and cash equivalents	5,281,562	2,777,338	147,061	8,205,961
Investments	3,534,952			3,534,952
Taxes receivable	8,486,700	-	-	8,486,700
Due from other governments	3,367,767	-	-	3,367,767
Due from other funds	48,945	-	-	48,945
Total assets	<u>\$ 25,454,265</u>	<u>2,777,338</u>	<u>2,979,509</u>	<u>31,211,112</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,066,599	-	-	1,066,599
Due to other funds	-	48,945	-	48,945
Due to other governments	3,538,243	-	-	3,538,243
Self insurance payable	161,505	-	-	161,505
Total liabilities	<u>4,766,347</u>	<u>48,945</u>	<u>-</u>	<u>4,815,292</u>
<u>Deferred inflows of resources</u>				
Property taxes	8,486,700	-	-	8,486,700
Total deferred inflows of resources	<u>8,486,700</u>	<u>-</u>	<u>-</u>	<u>8,486,700</u>
<u>Fund balances</u>				
Restricted	283,227	2,728,393	2,979,509	5,991,129
Committed	1,427,882	-	-	1,427,882
Assigned	468,389	-	-	468,389
Unassigned	10,021,720	-		10,021,720
Total fund balances	<u>12,201,218</u>	<u>2,728,393</u>	<u>2,979,509</u>	<u>17,909,120</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,454,265</u>	<u>2,777,338</u>	<u>2,979,509</u>	<u>31,211,112</u>

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

CARBON COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances for governmental funds \$ 17,909,120

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

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

Deferred outflows of resources - pensions	\$ 2,386,002	
Deferred inflows of resources - pensions	(2,791,153)	
Net pension liability	<u>(6,429,711)</u>	(6,834,862)

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

Buildings and improvements	\$ 44,302,094	
Infrastructure	52,043,883	
Equipment and vehicles	15,566,022	
Land	2,133,548	
Construction in process	2,873,545	
Accumulated depreciation	<u>(65,869,968)</u>	51,049,124

Because the focus of governmental funds is on short-term financing, some revenues will not be available to pay for current-period expenditures and are therefore recorded as deferred inflows of resources in the funds.

Delinquent property taxes		1,356,700
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Long-term liabilities and certain related accrued interest are not due and payable in the current period and therefore are not reported in the funds.

Direct borrowings - capital leases	\$ (4,697,360)	
Accrued interest	(10,470)	
Other post employment benefits	(2,734,562)	
Compensated absences	<u>(424,264)</u>	<u>(7,866,656)</u>

Net position of governmental activities \$ 55,613,426

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

CARBON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>General</u>	<u>County Roads</u>	<u>Impact Tax Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 21,047,720	542,099	4,197,964	25,787,783
Intergovernmental	2,003,354	174,155	-	2,177,509
Charges for services	4,205,512	-	-	4,205,512
Interest and investment income	222,550	61,085	6,888	290,523
Miscellaneous	200,652	-	-	200,652
 Total revenues	 <u>27,679,788</u>	 <u>777,339</u>	 <u>4,204,852</u>	 <u>32,661,979</u>
Expenditures:				
General government	22,061,750	-	-	22,061,750
Highways and streets	1,823,145	411,823	-	2,234,968
Public safety	5,598,755	-	2,016,617	7,615,372
Health and welfare	788,656	-	-	788,656
Culture and recreation	55,498	-	-	55,498
 Total expenditures	 <u>30,327,804</u>	 <u>411,823</u>	 <u>2,016,617</u>	 <u>32,756,244</u>
Excess (deficiency) of revenues over expenditures	 <u>(2,648,016)</u>	 <u>365,516</u>	 <u>2,188,235</u>	 <u>(94,265)</u>
Other financing sources:				
Proceeds from capital leases	2,058,494	-	-	2,058,494
 Total other financing sources	 <u>2,058,494</u>	 <u>-</u>	 <u>-</u>	 <u>2,058,494</u>
Net change in fund balance	(589,522)	365,516	2,188,235	1,964,229
Fund balance – beginning (as restated)	12,790,740	2,362,877	791,274	15,944,891
Fund balance – ending	\$ <u>12,201,218</u>	<u>2,728,393</u>	<u>2,979,509</u>	<u>17,909,120</u>

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

CARBON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net change in fund balance – total governmental funds	\$	1,964,229
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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 these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$4,562,481) exceeded depreciation (\$2,703,399).		1,859,082
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales of capital assets) is to decrease net position.		(126,717)
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The net effect of transactions involving the net pension liability and deferred inflows and outflows of resources related to pensions results in an increase in benefit expense and decreases net position.		(566,128)
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Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.		574,694
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Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in governmental funds, but reduce liabilities in the Statement of Net Position. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. Also, in the Statement of Activities, compensated absences and landfill closure and post-closure liabilities are recognized when incurred.

Payment of principal on long-term liabilities	606,929		
Proceeds from direct borrowings - capital leases	<u>(2,058,494)</u>		<u>(1,451,565)</u>

Change in net position of governmental activities	\$	<u><u>2,253,595</u></u>
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The accompanying notes are an integral part of these financial statements.

CARBON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	<u>Fiduciary Funds</u>	<u>Total</u>
<u>Assets</u>		
Cash and cash equivalents	\$ <u>6,751,886</u>	<u>6,751,886</u>
Total assets	\$ <u><u>6,751,886</u></u>	<u><u>6,751,886</u></u>
<u>Liabilities</u>		
Due to other taxing units	\$ <u>6,751,886</u>	<u>6,751,886</u>
Total liabilities	\$ <u><u>6,751,886</u></u>	<u><u>6,751,886</u></u>

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

CARBON COUNTY
COMBINING STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
COMPONENT UNITS
June 30, 2020

	<u>Government Activities</u>				<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
	<u>Weed and</u> <u>Pest</u> <u>Control</u>	<u>County</u> <u>Fair Board</u>	<u>County</u> <u>Museum</u>	<u>County</u> <u>Library</u>	<u>Memorial</u> <u>Hospital</u>	
<u>Assets</u>						
Cash and cash equivalents	\$ 1,010,853	489,133	116,392	179,958	9,007,673	10,804,009
Investments	332,414	-	-	51,752	4,048,446	4,432,612
Accounts receivable	107,287	-	-	-	10,608,969	10,716,256
Taxes receivable	-	59,580	196,229	386,724	74,837	717,370
Prepaid expenses	4,634	-	-	-	294,207	298,841
Inventories	106,914	-	-	-	472,784	579,698
Restricted cash and cash equivalents	-	-	-	-	180,194	180,194
Capital assets, net of accumulated depreciation	252,604	37,897	93,603	-	13,725,826	14,109,930
Total assets	1,814,706	586,610	406,224	618,434	38,412,936	41,838,910
<u>Deferred outflows of resources</u>						
Pensions	22,650	-	-	41,614	-	64,264
Total deferred outflows of resources	22,650	-	-	41,614	-	64,264
<u>Liabilities</u>						
Accounts payable and accrued liabilities	21,841	22,645	13,743	9,452	3,295,280	3,362,961
Medicare accelerated payments payable	-	-	-	-	3,099,263	3,099,263
CARES Act provider relief fund	-	-	-	-	3,992,599	3,992,599
Long-term liabilities:						
Due within one year	46,554	-	-	-	917,011	963,565
Due in more than one year	-	-	-	-	1,470,269	1,470,269
Net pension liability	217,309	-	-	347,446	-	564,755
Total liabilities	285,704	22,645	13,743	356,898	12,774,422	13,453,412
<u>Deferred inflows of resources</u>						
Pensions	18,071	-	-	81,751	-	99,822
Property taxes	-	51,000	160,000	320,000	-	531,000
Total deferred inflows of resources	18,071	51,000	160,000	401,751	-	630,822
<u>Net position</u>						
Net investment in capital assets	252,604	37,897	93,603	-	13,531,616	13,915,720
Restricted – expendable	-	-	-	-	180,194	180,194
Unrestricted	1,280,977	475,068	138,878	(98,601)	11,926,704	13,723,026
Total net position	\$ 1,533,581	512,965	232,481	(98,601)	25,638,514	27,818,940

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

CARBON COUNTY
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 Year Ended June 30, 2020

	Government Activities				Business-Type Activities	Total
	Weed and Pest Control	County Fair Board	County Museum	County Library	Memorial Hospital	
Expenses	\$ 1,274,725	139,638	246,850	444,429	33,897,705	36,003,347
Program revenues:						
Charges for services	523,002	79,959	4,232	2,050	29,117,143	29,726,386
Operating grants and contributions	133,129	34,608	5,150	72,178	438,519	683,584
Total program revenues	656,131	114,567	9,382	74,228	29,555,662	30,409,970
Net expenses	(618,594)	(25,071)	(237,468)	(370,201)	(4,342,043)	(5,593,377)
General revenues:						
Taxes	723,595	70,446	190,051	334,065	440,299	1,758,456
Paycheck Protection Program loan	-	-	-	-	243,244	243,244
Interest and investment income	5,371	1,748	410	2,477	88,614	98,620
Gain on disposal of assets	-	8,155	-	-	-	8,155
Insurance recoveries	-	-	-	-	1,036,000	1,036,000
Miscellaneous	666	-	-	-	2,322	2,988
Total general revenues	729,632	80,349	190,461	336,542	1,810,479	3,147,463
Change in net position	111,038	55,278	(47,007)	(33,659)	(2,531,564)	(2,445,914)
Net position – beginning as restated	1,422,543	457,687	279,488	(64,942)	28,170,078	30,264,854
Net position – ending	\$ 1,533,581	512,965	232,481	(98,601)	25,638,514	27,818,940

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

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The financial statements of Carbon County, Wyoming (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

The County operates as an incorporated governmental entity within the State of Wyoming. The County is a municipal corporation governed by three elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge operation and maintenance, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. As required by GAAP, these financial statements present the County and its component units.

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

Blended component units, although legally separate entities, are in substance part of the County's operations and data from those units is combined with data of the primary government. The County has no blended component units. Discretely presented component units, conversely, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. All discretely presented component units have a June 30 fiscal year-end.

Discretely Presented Component Units

The Carbon County Weed and Pest Control District (the District) was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and tax levy. The District is presented as a governmental fund type. The District issues separate financial statements which can be obtained at 1301 Bonanza Street, Rawlins, Wyoming, 82301.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units (continued)

The Carbon County Fair Board (the Fair Board) maintains and manages the operations of the County Fair and the County fairgrounds 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 on behalf of the Fair Board, and must approve any debt issuance. 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 is presented as a governmental fund type. The Fair Board does not issue separate financial statements.

The Carbon County Library System (the Library) maintains and manages the operations of the County Library system. The Library is fiscally dependent upon the County because the Board of Commissioners approves the Library's budget, levies taxes on behalf of the Library and must approve any debt issuance. The Library'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 is presented as a governmental fund type. The Library does not issue separate financial statements.

The Carbon County Museum Board (the 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 is presented as a governmental fund type. The Museum does not issue separate financial statements.

The Memorial Hospital of Carbon County (the Hospital) is a 25-bed critical access hospital that provides services to patients who are generally residents of Carbon County. The Hospital also operates clinics, adult home care, and ambulance services. The Hospital is fiscally dependent upon the County because the Board of Commissioners approves the Hospital's budget, levies taxes (if necessary), appoints the Board of Trustees for the Hospital, and must approve any debt issuances. The Hospital is presented as a proprietary fund type. The Hospital's financial statements include the accounts of the Memorial Hospital of Carbon County Foundation (the Foundation) which is dedicated to supporting the Hospital mission and focuses efforts on capital equipment and improvements to the Hospital and is a 501(c)(3). Although the hospital does not control the timing or number of receipts from the Foundation, the majority of the Foundation's resources and related income are for the benefit of the Hospital. The resources and operations were determined not to be significant to the Hospital and, therefore, the Foundation is not reported as a component unit of the Hospital in the accompanying financial statements. The Hospital does issue separate external financial statements, which can be obtained from the Hospital's administrative offices at 2221 West Elm Street, Rawlins, Wyoming, 82301.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements

The County's basic financial statements include both government-wide financial statements (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County currently has no services that are classified as business-type activities. Therefore, all of the County's services, public safety, highways and streets, health and welfare, culture and recreation, and general administrative services, are classified as governmental activities.

Government-Wide Statements

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (general, public safety, etc.). The functions are also supported by general revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants and contributions.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The County's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

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

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on net income.

The following is a description of the governmental funds of the County:

- The **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

The County's major governmental funds consist of the General Fund, (see description above) the County Road Fund and the Impact Tax Fund. The County Road Fund is a special revenue fund established to receive special fuels taxes used for road maintenance. The Impact Tax Fund is a special revenue fund established to receive impact assistance payments to help the county mitigate the costs associated with utility construction supporting windmills. The County determined that the fund established for the purpose of recording the receipt and expenditure of impact assistance payments met the requirements to be separately reported as a major special revenue fund for fiscal year 2020.

The County has no nonmajor governmental funds.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

The County's fiduciary funds are not included in the government-wide financial statements and consist of agency funds. Agency funds account for assets held by the County in a purely custodial capacity. The County has one agency fund. Because agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

The fiduciary funds consist of the following:

- **Treasurer's Tax Agency Fund** – This fund is used to hold and distribute taxes and fees collected on behalf of other governmental units.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements. The following provides a summary of the measurement focus and basis of accounting used by the County.

Economic Resources Measurement Focus and Accrual Basis of Accounting

The governmental activities in the government-wide financial statements and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

The governmental funds' financial statements are reporting using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days (the availability period) of the end of the current fiscal period. An exception to this policy is expenditure-drive grant revenues, which generally are considered to be available if the eligible expenditures have been made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governments funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units column of the government-wide financial statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented to be consistent with the government-wide financial statements. The fiscal years of the component units are the same as the primary government.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Financial Statement Amounts

Cash and Cash Equivalents

For the purposes of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposits, savings accounts, certificates of deposit, or other short-term, highly liquid investments. Restricted cash and cash equivalents at the Hospital include funds received from a capital grant that are required to be used for specific capital asset purchases.

Pooled Cash and Cash Equivalents

Wherever possible, the County’s cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund’s equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

Investments

Investments are reported at fair value. Wyoming statute allows the County to invest in U.S. and state and local government securities and accounts of any bank and savings associations, which are federally insured. Stocks and bonds of private corporations as well as reverse repurchase agreements are prohibited investments for the County. All investments made during the year were made within these statutory limits.

Receivables and Due from Other Governments

Receivables and amounts due from other governments consist of all revenues earned at year-end but received after year-end. All receivables and due from other governments balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends. Receivables and due from other governments balances include sales taxes, property taxes, other taxes, reimbursements for grant expenditures due from the State of Wyoming or the United States government, and charges for services.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market and consists of pesticides, insecticides, and other supplies used in the operation of the District and pharmaceutical, medical-surgical, and other supplies used in the operation of the Hospital

Prepaid expenses

Prepaid expenses are expenses paid during the fiscal year relating to expenses to be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance and maintenance contracts.

Capital Assets

Capital assets are reported in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 2 years. All capital assets are valued at cost or estimated cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized.

Depreciation on all depreciable capital assets of the County has been provided over the estimated useful lives using the straight-line method. The ranges of estimated useful lives are as follows:

Infrastructure	80 years
Buildings	60 years
Building improvements	10 years
Equipment and vehicles	10 to 20 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items qualifying for reporting in this category are related to pensions.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

- Property taxes for future periods are reported in both the governmental funds balance sheet and the entity-wide statement of net position. Property tax revenues are not recognized prior to the period which they are intended to finance, even if an enforceable lien is in place prior to the beginning of the intended period. Thus, property taxes received or receivable as of year-end, which are intended to finance the following fiscal year, are recorded as deferred inflows.

- Pension related items.

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

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

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Long-Term Liabilities

In the government-wide financial statements long-term debt and obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and similar items, when material, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are recorded as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

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

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave accumulate for all full-time permanent employees dependent upon years of service. Accumulated vacation leave is payable to the employee upon termination of employment. A maximum of 480 hours may be vested. County employees accrue sick leave at a rate of one day per month. Sick leave may be accumulated to a total of sixty working days. County employees receive payment for one-half of the current balance of unused sick leave, up to a maximum of 30 days, at the rate of \$50 per day.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave accumulate for all full-time permanent employees dependent upon years of service. Accumulated vacation leave is payable to the employee upon termination of employment. A maximum of 240 hours may be vested. District employees accrue sick leave at a rate of one day per month. Sick leave may be accumulated to a total of 1040 hours. District employees receive payment for one-half of the current balance of unused sick leave, up to a maximum of 520 hours.

The Hospital's employees earn paid time off and sick leave at varying rates depending on years of service. Paid time off for hourly and salaried employees accumulates up to a maximum of 240 to 350 hours. All paid time off is expensed when earned and paid upon termination. Select senior management who have been employed at the Hospital for several years have incorporated benefits for sick pay into their contracts and upon termination, this accrued sick pay is paid.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

An estimated liability for vacation and sick leave is reported in the government-wide financial statements and the expense is allocated by function based on where the employee is assigned. In the fund financial statements, governmental funds do not report a liability for compensated absences. The expenditure is reported when vacation or sick time is taken. Compensated absences are generally liquidated by the General Fund.

Interfund Balances and Transactions

During the course of operations, transactions sometimes occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds have been eliminated. In the fund financial statements, transfers are reported as other financing sources or uses.

Equity Classifications

Equity in the government-wide financial statements is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- Restricted net position – Consists of net position with constraints placed on their use, whether by 1) external groups such as creditors, grantors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. None of the County’s fund balance is classified as nonspendable.
- *Restricted* – This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners. These amounts cannot be used for any purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* – This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Commissioners. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- *Unassigned* – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Net position flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Estimates

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

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Property Tax Calendar and Rates

The County assesses all taxable property other than centrally assessed property, which is assessed by the State of Wyoming, by January 1 of each year. Properties taxes are levied on or about August 1 and are payable in two installments on September 1 and March 1. The County bills and collects its own property taxes as well as property taxes for all municipalities and political subdivisions within the County. Collections and remittances of these taxes for other taxing entities are accounted for in the Treasurer’s Tax Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables which means collected within the current period or expected to be collected within 60 days after the period end to be used to pay liabilities of the current period. State law allows anyone to pay the delinquent taxes on a property and obtain an enforceable lien on that property.

The County is permitted by Wyoming Statute to levy taxes up to 12 mills of assessed valuation for all purposes excluding general school tax, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2020, was 12.000 mills. The County has no unused tax margin as of June 30, 2020.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments

Primary Government

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<i>Governmental funds</i>				
Pooled cash and cash equivalents	\$ 7,566,787	-	-	7,566,787
Cash and cash equivalents:				
Demand deposits	594,241	-	-	594,241
Money market accounts	646,602	-	-	646,602
WYO-STAR	-	6,965,018	-	6,965,018
Cash-on-hand	-	-	100	100
Total cash and cash equivalents	<u>1,240,843</u>	<u>6,965,018</u>	<u>100</u>	<u>8,205,961</u>
Investments:				
Government bonds	-	117,978	-	117,978
Certificates of deposit	3,416,974	-	-	3,416,974
Total investments	<u>3,416,974</u>	<u>117,978</u>	<u>-</u>	<u>3,534,952</u>
<i>Total governmental funds</i>	<u>\$ 12,224,604</u>	<u>7,082,996</u>	<u>100</u>	<u>19,307,700</u>
<i>Fiduciary funds</i>				
Cash and cash equivalents:				
Demand deposits	\$ 4,038,082	-	-	4,038,082
WYO-STAR	-	292,662	-	292,662
Certificates of deposit	2,421,142	-	-	2,421,142
<i>Total fiduciary funds</i>	<u>\$ 6,459,224</u>	<u>292,662</u>	<u>-</u>	<u>6,751,886</u>

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). Each year, the County adopts a “Statement of Investment Policy” which specifies the County’s policies regarding the investment of County financial assets. The County’s adopted policy refers to State laws and indicates the County will comply with State law.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

Deposits

State law specifies the types of financial institutions in which the County can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2020, all deposits of the County were fully collateralized or insured.

Investments

Wyoming statutes (W.S. 9-4-831) specifically identify the types of investments that may be held by the County and the conditions for making investment transactions. Accordingly, the County may invest in the following investments:

- United States treasury bills, notes, or bonds or any other obligation issued by the United States treasury or guaranteed by the United States;
- bonds, notes, debentures or any other obligation or securities issued by or guaranteed by any federal government agency or instrumentality;
- repurchase agreements involving securities which are authorized investments that have been previously mentioned and subject to certain limitations, mortgage-backed securities that are obligations of or guaranteed or insured issuances of the United States, its agencies, instrumentalities or organizations created by an act of Congress excluding those defined as high risk;
- bankers' acceptances eligible for purchase by the federal reserve system;
- guaranteed investment contracts if issued by a United States commercial bank or insurance company whose credit rating is of the highest category;
- a commingled fund of eligible securities if the securities are held through a trust department of a bank authorized to do business in the State of Wyoming or through a trust company authorized to do business in the State of Wyoming with total capital of at least \$10,000,000; bonds of the Wyoming Natural Gas Pipeline Authority and the Wyoming Infrastructure Authority;
- commercial paper of corporations organized and existing under the laws of any state of the United States with a maturity of not more than 270 days and rated by Moody's as P-1 or by Standard and Poor as A-1 or equivalent ratings indicating that the commercial paper issued by a corporation is of the highest quality rating;
- diversified money market funds in which the Town does not own more than 10% of the net position of the funds and subject to several other limits.

The County may also enter into contracts which are determined to be necessary or appropriate to hedge risk or to place the obligation of the bonds, in whole or in part, on the interest rate, cash flow, or other basis; but these contracts may not be used for investment.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

Investments (continued)

The County has investments in WYO-STAR, a government investment pool operated by the State of Wyoming Treasurer’s Office. WYO-STAR is available for investments of funds administered by any local government entity within the State of Wyoming.

WYO-STAR is not registered with the SEC as an investment company. WYO-STAR is authorized and regulated by the laws of the State of Wyoming. Deposits in WYO-STAR are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WYO-STAR operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WYO-STAR are allocated monthly based on the participant’s average balance in relation to the total balance of the pool. As such, amounts held with WYO-STAR of \$7,257,680 are carried at amortized cost and are considered cash and cash equivalents.

At year end, the County also had investments in Federal National Mortgage Association (FNMA) bonds and asset backed securities. The County uses the specific identification method to assess interest rate risk.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
FNMA bonds/securities	\$ 117,978	-	117,978	-	-
WYO-STAR	<u>7,257,680</u>	<u>7,257,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,375,658</u>	<u>7,257,680</u>	<u>117,978</u>	<u>-</u>	<u>-</u>

Fair Value

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

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

The County's governmental activities have the following recurring fair value measurements as of June 30, 2020:

- Government bonds and asset backed securities of \$117,978 are determined by an independent pricing service using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility. (Level 2 inputs).
- Investments in WYO-Star of \$7,257,680 are unrated.

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's policy for managing its exposure to fair value loss arising from increasing interest rates is to invest no more than 75% of the portfolio of securities with maturities exceeding 1 year and no more than 25% of the portfolio of securities with maturities exceeding 5 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing exposure to credit risk is to invest no more than 50% of the County's total investment portfolio in a single security type, with the exception of U.S. Treasury securities. In addition, collateralization is required for all repurchase agreements. The collateralization level must be 102% of the market value of principal and accrued interest. Investments in WYO-STAR are unrated. Other investments are guaranteed by the federal government.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing exposure to credit risk is to comply with State laws.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s policy for custodial risk is that all securities purchased by the County shall be properly designated as assets of the County and held in safekeeping by a third-party custodial bank or third-party custodial institution chartered by the United States Government or the State of Wyoming and no withdrawal of such securities shall be made from the safekeeping except by the Treasurer or Deputy Treasurer. All security transactions, including collateral for repurchase agreements, entered into by the County shall be conducted on a delivery-versus-payment basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts. Government bonds are held in the name of the County by the investment broker.

Component Units

The component units’ deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Cash and cash equivalents:				
Demand deposits	\$ 10,254,924	-	-	10,254,924
Certificates of deposit	101,310	-	-	101,310
WYO-STAR	-	79,781	-	79,781
Money market accounts	367,782	-	-	367,782
Cash-on-hand	-	-	212	212
	<u>10,724,016</u>	<u>79,781</u>	<u>212</u>	<u>10,804,009</u>
Investments:				
Certificates of deposit	-	4,432,612	-	4,432,612
	<u>-</u>	<u>4,432,612</u>	<u>-</u>	<u>4,432,612</u>
Total investments	-	4,432,612	-	4,432,612
	<u>-</u>	<u>4,432,612</u>	<u>-</u>	<u>4,432,612</u>
Total component units	<u>\$ 10,724,016</u>	<u>4,512,393</u>	<u>212</u>	<u>15,236,621</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

Deposits

State law specifies the types of financial institutions in which the component units can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2020, all deposits of component units were fully collateralized or insured with the exception of \$18,268 held by the Hospital.

Investments

The component units have investments in WYO-STAR of \$79,781 which are carried at amortized cost and are considered cash and cash equivalents, and certificates of deposit. Certificates of deposit are valued using the market approach based primarily on current market interest rates for similar investments (Level 2 inputs).

Component units manage their investment risk as follows:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units have no formal policies other than to follow the Wyoming State Statutes, as previously discussed.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policies for reducing exposure to credit risk are to comply with the Wyoming State Statutes. At June 30, 2020, all investments held by the component units are in WYO-STAR, which is unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The component units' policies for reducing exposure to credit risk are to comply with State laws.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the component units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The component units have no formal policies with respect to custodial credit risk. As of June 30, 2020, all of the component units' investments are in WYO-STAR and certificates of deposit with various financial institutions.

Note 3 – Receivables and Due from Other Governments

Primary Government

The County's receivables and due from other governments balances consist of the following:

Taxes receivable:	
Property taxes – current	\$ 1,356,700
Property taxes – deferred to future periods	<u>7,130,000</u>
Total taxes receivable	\$ <u><u>8,486,700</u></u>
Due from other governments:	
Sales, use, and other taxes	\$ 2,662,835
Grants reimbursements	<u>704,932</u>
Total due from other governments	\$ <u><u>3,367,767</u></u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 4 – Receivables and Due from Other Governments (continued)

Component Units

The component units' receivables and due from other governments balances consist of the following:

<i>Weed and Pest:</i>	
Trade receivables	\$ <u>107,287</u>
<i>County Fair:</i>	
Taxes receivable	
Property taxes	\$ 8,580
Property taxes – deferred to future periods	<u>51,000</u>
Total taxes receivable	<u>\$ 59,580</u>
<i>County Museum:</i>	
Taxes receivable	
Property taxes	\$ 36,229
Property taxes – deferred to future periods	<u>160,000</u>
Total taxes receivable	<u>\$ 196,229</u>
<i>County Library:</i>	
Taxes receivable	
Property taxes	\$ 66,724
Property taxes – deferred to future periods	<u>320,000</u>
Total taxes receivable	<u>\$ 386,724</u>
<i>Memorial Hospital:</i>	
Taxes receivable	\$ 74,837
Trade and other receivables	
Patient accounts receivable	12,609,486
Third-party payor settlements	1,973,000
Insurance settlement	1,036,000
Other	92,789
Less allowance for uncollectible accounts	<u>(5,102,306)</u>
	<u>\$ 10,608,969</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 – Capital Assets

Primary Government

Capital asset activity is as follows:

	Balance 7/1/19	Additions	Retirements and Transfers	Balance 6/30/20
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,133,548	-	-	2,133,548
Construction in progress	988,592	1,894,031	(9,078)	2,873,545
	<u>3,122,140</u>	<u>1,894,031</u>	<u>(9,078)</u>	<u>5,007,093</u>
Capital assets being depreciated:				
Buildings and improvements	43,349,413	1,057,793	(105,112)	44,302,094
Infrastructure	52,043,883	-	-	52,043,883
Equipment and vehicles	14,748,174	1,910,657	(1,092,809)	15,566,022
	<u>110,141,470</u>	<u>2,968,450</u>	<u>(1,197,921)</u>	<u>111,911,999</u>
Accumulated depreciation for:				
Buildings and improvements	(17,809,293)	(879,557)	59,645	(18,629,205)
Roads	(35,079,992)	(1,092,505)	-	(36,172,497)
Equipment and vehicles	(11,057,566)	(731,337)	720,637	(11,068,266)
	<u>(63,946,851)</u>	<u>(2,703,399)</u>	<u>780,282</u>	<u>(65,869,968)</u>
Total capital assets being depreciated, net	<u>46,194,619</u>	<u>265,051</u>	<u>(417,639)</u>	<u>46,042,031</u>
Total governmental activities capital assets, net	<u>\$ 49,316,759</u>	<u>2,159,082</u>	<u>(426,717)</u>	<u>51,049,124</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 – Capital Assets (continued)

Component Units

Capital asset activity of component units is as follows:

	Balance 7/1/19	Additions	Retirements and Transfers	Balance 6/30/20
Weed and Pest:				
Buildings and improvements	\$ 210,650	-	-	210,650
Equipment	145,999	10,903	(6,300)	150,602
Vehicles	348,997	-	-	348,997
Accumulated depreciation	(437,931)	(26,014)	6,300	(457,645)
	<u>\$ 267,715</u>	<u>(15,111)</u>	<u>-</u>	<u>252,604</u>
County Fair:				
Equipment	\$ 23,285	32,515	-	55,800
Accumulated depreciation	(10,241)	(7,662)	-	(17,903)
	<u>\$ 13,044</u>	<u>24,853</u>	<u>-</u>	<u>37,897</u>
County Museum:				
Buildings and improvements	\$ 199,586	-	-	199,586
Accumulated depreciation	(93,162)	(12,821)	-	(105,983)
	<u>\$ 106,424</u>	<u>(12,821)</u>	<u>-</u>	<u>93,603</u>
Memorial Hospital:				
Land	\$ 35,925	-	47,625	83,550
Construction in progress	3,249,791	617,706	(3,470,007)	397,490
Land improvements	517,800	37,750	-	555,550
Building and improvements	22,036,280	-	3,042,580	25,078,860
Equipment	18,648,178	1,235,369	379,802	20,263,349
Accumulated depreciation	(30,885,686)	(1,767,287)	-	(32,652,973)
	<u>\$ 13,602,288</u>	<u>123,538</u>	<u>-</u>	<u>13,725,826</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 – Capital Assets (continued)

Depreciation expense was charged to the component units as follows:

Weed and Pest	\$	26,014
County Fair		7,662
County Museum		12,821
Memorial Hospital		<u>1,767,287</u>
	\$	<u><u>1,813,784</u></u>

Note 6 – Accounts Payable and Accrued Liabilities

Primary Government

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

Payables to vendors	\$	363,038
Due to other governments		60,198
Accrued interest		10,470
Payables to contractors		546,320
Payroll related liabilities		<u>97,043</u>
	\$	<u><u>1,077,069</u></u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6 – Accounts Payable and Accrued Liabilities (continued)

Component Units

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

<i>Weed and Pest:</i>	
Payables to vendors	\$ <u>21,841</u>
 <i>County Fair:</i>	
Payables to vendors	\$ <u>22,645</u>
 <i>County Museum:</i>	
Payables to vendors	\$ <u>13,743</u>
 <i>County Library:</i>	
Payables to vendors	\$ <u>9,452</u>
 <i>Memorial Hospital:</i>	
Payables to vendors	\$ 1,529,521
Accrued payroll and related liabilities	1,244,895
Patient refunds payable	<u>520,864</u>
	\$ <u>3,295,280</u>

CARES Act Provider Relief Fund – Memorial Hospital

In April through June 2020, the Hospital received approximately \$4,236,000 of funding from the CARES Act Provider Relief Fund. The Hospital also received additional grants to assist with expenses related to COVID-19. These funds are required to be used to reimburse the Hospital for healthcare-related expenses or lost revenues that are attributable to COVID-19. The Hospital has recorded these funds as unearned CARES Act Provider Relief Fund until eligible expenses or lost revenues are recognized. During the year ended June 30, 2020, the Hospital recognized \$243,244 of grant revenue from these funds. The Hospital had \$3,992,599 remaining funds as of June 30, 2020, to use for healthcare-related expenses or lost revenues that are attributable to COVID-19 in the next fiscal year.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6 – Accounts Payable and Accrued Liabilities (continued)

Medicare Accelerated Payments Payable – Memorial Hospital

COVID-19 has created economic uncertainties which may negatively impact the Hospital’s financial position. Beginning in March 2020, the Hospital began experiencing declines in revenues due to the state of Wyoming temporarily suspending all elective surgeries and other elective procedures. In addition, the Hospital has experienced declines in volumes of outpatient and ancillary services, such as radiology, laboratory, emergency department, and clinic visits. The Hospital received government grants as part of the federal government’s response to the pandemic. Medicare sequestration has been suspended from May 1, 2020 through March 31, 2021, which will increase Medicare reimbursement by 2 percent. The Hospital has also received Medicare accelerated payments of \$3,099,263. The Medicare accelerated payments will begin to be repaid within one year of receipt.

Note 7 – Long-Term Liabilities

Primary Government

Long-term liability activity is as follows:

	Balance 7/1/19	Additions	Reductions	Balance 6/30/20	Due Within One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 424,264	60,000	(60,000)	424,264	60,000
Direct borrowings - capital leases	3,245,794	2,058,495	(606,929)	4,697,360	789,000
	<u>\$ 3,670,058</u>	<u>2,118,495</u>	<u>(666,929)</u>	<u>5,121,624</u>	<u>849,000</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 7 – Long-Term Liabilities (continued)

The County has the following direct borrowing - capital leases pertaining to governmental activities:

Capital lease payable to Pinnacle Public Finance, due in semi-annual installments of \$49,123, including interest at 2.54% through November 2024, secured by equipment.	\$ 415,296
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.	283,666
Capital lease payable to RNB State Bank, due in semi-annual installments of \$137,671, including interest at 3.59% through May 2025, secured by equipment.	1,253,772
Capital lease payable to RNB State Bank, due in semi-annual installments of \$37,811, including interest at 3.46% through May 2024, secured by equipment.	279,124
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.	61,835
Capital lease payable to Pinnacle Public Finance, due in semi-annual installments of \$158,741, including interest at 2.35% through June 2028, secured by equipment.	2,303,117
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.	81,909
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.	18,641
	<u>\$ 4,697,360</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 7 – Long-Term Liabilities (continued)

The following is a schedule of the future minimum lease payments under the governmental activities' capital leases and the present value of the net minimum lease payments:

<u>Year</u>	<u>Amount</u>
2021	\$ 908,000
2022	889,000
2023	856,000
2024	827,000
2025	702,000
Thereafter	<u>952,000</u>
Net minimum lease payments	5,134,000
Less amount representing interest	<u>(436,640)</u>
Present value of net minimum lease payments	<u>\$ 4,697,360</u>

At June 30, 2020, the cost of assets financed by capital leases is \$8,769,412 net of accumulated amortization of \$1,713,743.

Component Units

Long-term liability activity is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Weed and Pest:					
Compensated absences	\$ 59,953	-	(13,399)	46,554	46,554
	<u>\$ 59,953</u>	<u>-</u>	<u>(13,399)</u>	<u>46,554</u>	<u>46,554</u>
Memorial Hospital:					
Direct borrowings - capital leases	\$ 282,512	-	(88,302)	194,210	74,790
Paycheck Protection Program direct borrowing	-	2,193,070	-	2,193,070	842,221
	<u>\$ 282,512</u>	<u>2,193,070</u>	<u>(88,302)</u>	<u>2,387,280</u>	<u>917,011</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 7 – Long-Term Liabilities (continued)

Paycheck Protection Program Direct Borrowing

In May 2020, the Hospital was granted a loan from Bank of Commerce in the aggregate amount of \$2,193,070, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. The PPP loan, which was in the form of a Note dated May 6, 2020, matures on May 6, 2022, and bears interest at a rate of 1 percent per annum, payable monthly commencing on December 6, 2020. The Note may be prepaid by the Hospital at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Hospital intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Hospital believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. The forgiveness will be recognized when approval is received from Bank of Commerce and the Small Business Association.

Direct Borrowing - Capital Lease

Memorial Hospital has a capital lease obligation payable to Roche Diagnostic Corporation for a chemical analyzer, due in monthly installments of \$6,900, including imputed interest of 5 percent, through December 2022. The following is a schedule of the future minimum lease payments associated with this lease and the present value of the net minimum lease payments:

<u>Year</u>	<u>Amount</u>
2021	\$ 82,802
2022	82,802
2023	<u>41,401</u>
Net minimum lease payments	207,005
Less amount representing interest	<u>(12,795)</u>
Present value of net minimum lease payments	<u>\$ 194,210</u>

At June 30, 2020, the cost of assets financed by capital leases is \$356,644 net of accumulated amortization of \$182,822.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8 – Net Position and Fund Equities

The following schedule details fund equity balances:

Governmental Activities:

Restricted:	
Roads	2,728,393
Impact assistance	2,979,509
Emergency services	263,998
Abandoned vehicles	19,229
	5,991,129
Committed:	
Dixon airport	126,914
Detention center operations and maintenance	837,162
Self funded insurance	463,806
	1,427,882
Assigned:	
Special projects	315,037
Vaccine	20,481
Fire strike	127,517
Other purposes	5,354
	468,389
Unassigned	10,021,720
	\$ 17,909,120

Restricted fund balance/net position represent monies required to be maintained to satisfy third party agreements, legal requirements, or enabling legislation. Committed and assigned fund balances represent the commitment or assignment of monies by the County Commissioners. Net position restricted by enabling legislation includes net position restricted for road projects, impact assistance, emergency services, and abandoned vehicles.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans

The County participates in the Wyoming Retirement System (the "System"), a statewide cost-sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling 1-307-777-7691.

Substantially all County employees are eligible to participate in the following retirement plans offered by the System based upon eligibility and hiring status: 1) Public Employees Pension Plan (PEPP); 2) Law Enforcement Pension Plan (LEPP); and 3) Wyoming Deferred Compensation Plan.

Public Employees Pension Plan

PEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all full-time employees of the County.

PEPP statutorily requires 17.12% of the participant's salary to be contributed to PEPP. Contributions consist of 8.50% of the participant's salary as employee contributions and 8.62% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- Tier 1, PEPP allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.
- Tier 2, PEPP allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service, but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost-of-living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost-of-living adjustment will not be approved by the legislature unless PEPP is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in PEPP and be eligible for unreduced retirement benefits at age 60 (Tier 1 employees) or 65 (Tier 2 employees).

Contributions by the County to PEPP for the year ended June 30, 2020 were \$686,057, and contributions by the County's Weed and Pest Control District, Fair Board, and Library Board component units were \$45,219, \$18,270, and \$116,449, respectively.

Law Enforcement Pension Plan

LEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all law enforcement employees of the County.

LEPP statutorily requires participants to contribute 8.6% of their salary to LEPP and the employer is required to contribute 8.6% of each participant's salary.

LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost-of-living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost-of-living adjustment will not be approved by the legislature unless LEPP is 100% funded after the COLA is awarded. Participants may withdraw from LEPP at any time and receive refunds of participant contributions plus accumulated interest.

Contributions by the County to LEPP for the year ended June 30, 2020 were \$424,924.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

Wyoming Deferred Compensation Plan

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

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

During 2020, the County's involvement is limited to withholding the amounts elected by employees and remitting those amounts to the Wyoming Deferred Compensation Plan.

Defined Contribution Plans – Memorial Hospital

The Hospital sponsors a defined contribution retirement plan under which employees may elect to become participants. The name of the plan is the Memorial Hospital of Carbon County 401(k) Plan. Employees who work 1,000 hours per year, who are at least 21 years of age, and have one year of service are eligible. The Hospital can make an annual discretionary contribution of 50 percent matching contribution up to 2 percent of the eligible employee's base salary, excluding vacation and sick pay, to this plan. The contributions are subject to Board of Trustee approval. Employees are eligible immediately upon hire and contributions are based on a flat rate. The Hospital made a discretionary contribution to this plan for the year ended June 30, 2020 of 1 percent. Employee contributions to this plan were approximately \$411,000 for the year ended June 30, 2020. Employer contributions to this plan were approximately \$197,000 for the year ended June 30, 2020.

The Hospital also sponsors a defined contribution retirement plan under which employees may elect to become participants. The name of the plan is the Memorial Hospital of Carbon County 457 Plan (Plan). All employees are eligible to participate in this plan. The Hospital does not contribute to this plan. Employee contributions to this plan were approximately \$73,000 for the year ended June 30, 2020.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

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

Governmental Activities:

At June 30, 2020, the County reported an entity-wide net pension liability of \$6,429,711 related to governmental activities which was calculated as follows:

	Measured at:		December 31,	Change
	December 31, 2019		2018	
	Net Pension Liability	Proportionate Share	Proportionate Share	
PEPP	\$ 5,153,997	0.2193259%	0.2098257%	0.0095%
LEPP	<u>1,275,714</u>	1.4799690%	1.4373031%	0.0427%
Total net pension liability	<u>\$ 6,429,711</u>			

Component Units

The County's component units that participated in WRS only participated in PEPP. At June 30, 2020, the aggregate net pension liability for component units is \$564,755 and was calculated as follows:

	Measured at:		December 31,	Change
	December 31, 2019		2018	
<u>PEPP</u>	Net Pension Liability	Proportionate Share	Proportionate Share	
Weed and Pest	\$ 217,309	0.0092475%	0.0084284%	0.0008%
County Library	<u>347,446</u>	0.0403533%	0.0394747%	0.0009%
Total net pension liability	<u>\$ 564,755</u>			

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

The net pension liability was measured as of December 31, **2019**, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in **2019**.

Governmental Activities

For the year ended June 30, 2020, the County recognized entity-wide pension expense related to governmental activities of \$1,090,086. At June 30, 2020, the County reported entity-wide deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 226,964	208,097
Net difference between projected and actual earnings on pension plan investments	-	1,225,002
Changes of assumptions	1,243,978	1,273,682
Contributions subsequent to the measurement date	577,150	-
Change in proportionate share	337,910	84,372
	\$ 2,386,002	2,791,153

Deferred outflows of resources related to pensions resulting from County contributions of \$577,150 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

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

Fiscal Year Ending <u>June 30,</u>	Net Deferred Outflows (Inflows) of Resources
2021	\$ (62,657)
2022	(146,470)
2023	(108,998)
2024	<u>(664,176)</u>
	<u>\$ (982,301)</u>

Component Units

For the year ended June 30, 2020, component units of the County recognized combined pension expense of \$99,221. At June 30, 2020, component units of the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Weed & Pest Deferred Outflows (Inflows) of Resources</u>	<u>County Library Deferred Outflows (Inflows) of Resources</u>
Difference between expected and actual experience	\$ (4,285)	(6,851)
Net difference between projected and actual earnings on pension plan investments	(32,425)	(51,842)
Change in assumptions	-	12,246
Contributions subsequent to the measurement date	14,991	22,847
Change in proportionate share	<u>26,298</u>	<u>(16,537)</u>
	<u>\$ 4,579</u>	<u>(40,137)</u>

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

Deferred outflows of resources related to pensions resulting from Weed & Pest and County Library contributions of \$14,991 and \$22,847, respectively, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	Weed & Pest Net Deferred Outflows of Resources	County Library Net Deferred Outflows of Resources
2021	\$ (660)	(20,826)
2022	(660)	(16,419)
2023	(660)	(2,575)
2024	<u>(8,432)</u>	<u>(23,164)</u>
	<u>\$ (10,412)</u>	<u>(62,984)</u>

Actuarial Assumptions

The total pension liability based on the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PEPP	LEPP
Projected salary increases, includes inflation	4.75% to 8.75%	4.75% to 8.75%
Assumed inflation rate	2.25%	2.25%
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 for males and females with no set back with a multiplier of 100%. Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 for males with no set back with a multiplier of 100% and for females with not set back with a multiplier of 88%.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Wyoming State Retirement Board’s funding policy, which establishes the contractually required rates under Wyoming state statutes. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.

Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation as of January 1, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Real Return	Geometric Nominal Return
Tactical Cash	0.0%	0.3%	2.9%	30.0%	2.9%
Fixed Income	20.0%	2.0%	4.6%	1.5%	4.1%
Equity	49.0%	7.4%	10.0%	6.0%	8.6%
Marketable Alternatives	19.0%	3.5%	6.1%	3.1%	5.7%
Private Markets	12.0%	7.0%	9.6%	5.2%	7.8%
Total	100%	5.50%	8.10%	4.40%	7.00%

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

For PEPP, the following presents the proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

Governmental Activities:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
<i>PEPP</i>			
Proportionate share of net pension liability	\$ 9,263,028	\$ 5,153,997	\$ 4,522,858

Component Units:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
<i>Weed & Pest Control - PEPP</i>			
Proportionate share of net pension liability	\$ 390,560	\$ 217,309	\$ 190,699

County Library - PEPP

Proportionate share of net pension liability	\$ 1,704,285	\$ 347,446	\$ 832,151
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CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9 – Retirement Plans (continued)

For LEPP, the following presents the proportionate share of the net pension liability calculated using a discount rate of 5.92 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.92 percent) or 1-percentage-point higher (6.92 percent) than the current rate:

	1% Decrease 4.92%	Discount Rate 5.92%	1% Increase 6.92%
<i>LEPP</i>			
Proportionate share of net pension liability	\$ 5,393,921	\$ 1,275,714	\$ 2,114,144

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System financial report.

Note 10 – 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 ending June 30. 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.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10 – Other Post-Employment Benefits (continued)

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, 2020 was calculated as follows:

OPEB liability balance - June 30, 2019	\$	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		<u>(131,904)</u>
 OPEB liability balance - June 30, 2020	 \$	 <u><u>2,734,562</u></u>

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, 2020, the OPEB income was \$106,703.

Participants

The OPEB plan reported the following participant data:

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

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10 – Other Post-Employment Benefits (continued)

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	October 1, 2018
Census Data	October 1, 2018
Discount Rate	4.24%
Expected Rate of Return on Assets	N/A - Plan is unfunded
Salary Scale	3.0% per year
Employees Included in the Calculation	All current employees on 10/1/2018
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 uponp salary

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10 – Other Post-Employment Benefits (continued)

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, 2020:

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Interest Rate Sensitivity	\$ 3,288,323	\$ 2,734,562	\$ 2,361,488
	1% Decrease 4.92%	Discount Rate 5.92%	1% Increase 6.92%
Healthcare Cost Trend Rate Sensitivity	\$ 2,564,059	\$ 2,734,562	\$ 3,249,473

Note 11 – Risk Management

County Health Plan

The County operates a self-insured employee health and dental benefit plan. The plan provides benefits to eligible employees and their dependents. The County pays the entire premium for the employee and pays all claims below the threshold of the reinsurance contracts the County has entered into. The County has entered into (stop-loss) reinsurance contracts for this plan at \$75,000 per individual and \$1,000,000 for the overall plan. At June 30, 2020, the plan had incurred claims payable and estimated claims incurred but not reported (IBNR) of \$161,505.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11 – Risk Management (continued)

Changes to aggregate claims liabilities for the years ended June 30, 2020 **and 2019**, respectively, are as follows:

Claims Liabilities 7/1/19	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/20
\$ 215,000	2,163,202	(2,216,697)	161,505

Claims Liabilities 7/1/18	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/19
\$ 195,000	1,665,696	(1,645,696)	215,000

Memorial Hospital Health Plan

The Hospital partially self-insures the cost of employee healthcare benefits. The Hospital self-insures the first \$65,000 in claims per eligible participant. The Hospital also purchases annual stop-loss insurance coverage for all claims in excess of \$65,000 per participant. The accrued payroll and related liabilities on the statements of net position include an accrual for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11 – Risk Management (continued)

Changes to aggregate claims liabilities for the years ended June 30, 2020 **and 2019**, respectively, are as follows:

Claims Liabilities 7/1/19	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/20
\$ 165,000	2,168,538	(2,168,538)	165,000

Claims Liabilities 7/1/18	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/19
\$ 244,000	990,234	(1,069,234)	165,000

General Liability

The nature of the County’s operations makes it susceptible to lawsuits, legal actions, and other judgments. The County mitigates its risk of material loss from these events through the purchase of commercial liability insurance. The County had no claim settlements over the past three years that exceeded its insurance coverage.

Medical Malpractice Claims – Memorial Hospital

The Hospital obtains medical malpractice insurance through UMIA. UMIA offers the Hospital a professional liability policy on a “claims made” basis with primary limits of \$1,000,000 per claim and an annual aggregate limit of \$10,000,000. The policy has no deductible. No liability has been accrued for future coverage for acts occurring in this or prior years. It is also possible that claims may exceed coverage obtained in any given year.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11 – Risk Management (continued)

Industry Regulations – Memorial Hospital

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Contingencies and Commitments

The 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, the 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.

CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 12 – Restatement

Certain beginning net position and fund balance amounts have been restated to reflect the correction of certain accounts and activities in accordance with generally accepted accounting principles as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Impact Tax Fund</u>
Net position/fund balance at June 30, 2019, as originally stated:	\$ 50,469,372	13,761,090	-
Restatements and reclassifications:			
Segregation of Impact Tax Fund	-	(791,274)	791,274
Correction of property tax receivables and other assets and liabilities	(179,076)	(179,076)	-
Recognition of capital assets	<u>3,069,535</u>	<u>-</u>	<u>-</u>
Net position/fund balance at June 30, 2019, as restated	<u>\$ 53,359,831</u>	<u>12,790,740</u>	<u>791,274</u>
	<u>County Fair Board</u>	<u>County Museum</u>	<u>County Libraray</u>
Net position at June 30, 2019, as originally stated:	\$ 611,228	354,351	404,739
Restatements:			
Derecognition of capital assets	(154,256)	(48,201)	(444,560)
Overstatement (understatement) of cash	715	(16,710)	(25,121)
Understatement of compensated absences	<u>-</u>	<u>(9,952)</u>	<u>-</u>
Net position at June 30, 2019, as restated	<u>\$ 457,687</u>	<u>279,488</u>	<u>(64,942)</u>

Required Supplementary Information

CARBON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Property taxes	\$ 8,077,485	8,077,485	7,605,563	(471,922)
Payment in lieu of property taxes	861,474	861,474	1,505,226	643,752
Sales and use taxes	1,950,060	1,950,060	3,012,507	1,062,447
State gasoline tax	1,095,973	1,095,973	2,093,508	997,535
Other taxes	776,900	776,900	6,830,916	6,054,016
Total taxes	<u>12,761,892</u>	<u>12,761,892</u>	<u>21,047,720</u>	<u>8,285,828</u>
Other revenues				
Intergovernmental	3,966,695	3,966,695	2,003,354	(1,963,341)
Charges for services	759,496	759,496	4,205,512	3,446,016
Interest and investment income	32,869	32,869	222,550	189,681
Miscellaneous	87,241	87,241	200,652	113,411
Total other revenues	<u>4,846,301</u>	<u>4,846,301</u>	<u>6,632,068</u>	<u>1,785,767</u>
Total revenues	<u>17,608,193</u>	<u>17,608,193</u>	<u>27,679,788</u>	<u>10,071,595</u>
Expenditures:				
General government	12,506,013	12,506,013	22,061,750	(9,555,737)
Public safety	5,589,275	5,589,275	5,598,755	(9,480)
Highways and streets	1,393,144	1,393,144	1,823,145	(430,001)
Health and welfare	1,076,689	1,076,689	788,656	288,033
Culture and recreation	71,961	71,961	55,498	16,463
Total expenditures	<u>20,637,082</u>	<u>20,637,082</u>	<u>30,327,804</u>	<u>(9,690,722)</u>
Deficiency of revenues over expenditures	<u>(3,028,889)</u>	<u>(3,028,889)</u>	<u>(2,648,016)</u>	<u>380,873</u>
Other financing sources:				
Proceeds from capital leases	-	-	2,058,494	2,058,494
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,058,494</u>	<u>2,058,494</u>
Net change in fund balance	<u>\$ (3,028,889)</u>	<u>(3,028,889)</u>	<u>(589,522)</u>	<u>2,439,367</u>
Fund balance – beginning (as restated)			<u>12,790,740</u>	
Fund balance – ending	\$		<u>12,201,218</u>	

CARBON COUNTY
BUDGETARY COMPARISON SCHEDULE
COUNTY ROADS FUND
Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ -	-	542,099	542,099
Intergovernmental	-	-	174,155	174,155
Interest and investment income	-	-	61,085	61,085
Total revenues	<u>-</u>	<u>-</u>	<u>777,339</u>	<u>61,085</u>
Expenditures:				
Highways and streets	-	-	411,823	(411,823)
Total expenditures	<u>-</u>	<u>-</u>	<u>411,823</u>	<u>(411,823)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>365,516</u>	<u>(350,738)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>365,516</u>	<u>(350,738)</u>
Fund balance – beginning			<u>2,362,877</u>	
Fund balance – ending			<u><u>2,728,393</u></u>	

CARBON COUNTY
BUDGETARY COMPARISON SCHEDULE
IMPACT TAX FUND
Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Sales and use taxes	\$ -	-	4,197,964	4,197,964
Interest and investment income	-	-	6,888	6,888
Total revenues	-	-	4,204,852	4,204,852
Expenditures:				
Public safety	-	-	2,016,617	(2,016,617)
Total expenditures	-	-	2,016,617	(2,016,617)
Excess of revenues over expenditures	-	-	2,188,235	6,221,469
Net change in fund balance	\$ -	-	2,188,235	6,221,469
Fund balance – beginning (as restated)			791,274	
Fund balance – ending	\$		2,979,509	

CARBON COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>Public Employee Pension Plan:</u>						
Proportion of the net pension liability	0.2193259%	0.2098257%	0.1974800%	0.2143900%	0.2274700%	0.2320300%
Proportionate share of the net pension liability	\$ 5,153,997	\$ 6,013,706	\$ 4,501,141	\$ 5,182,968	\$ 5,298,540	\$ 4,094,640
Covered employee payroll	\$ 3,812,351	\$ 3,439,152	\$ 3,497,087	\$ 3,607,953	\$ 3,638,970	\$ 3,785,290
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.19%	174.86%	128.71%	143.65%	145.61%	108.17%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%
<u>Law Enforcement Pension Plan:</u>						
Proportion of the net pension liability	1.4799690%	1.4373031%	1.4831600%	1.3871200%	1.4121200%	1.3524000%
Proportionate share of the net pension liability	\$ 1,275,714	\$ 3,479,312	\$ 1,276,173	\$ 1,047,167	\$ 1,060,786	\$ 398,481
Covered employee payroll	\$ 2,306,553	\$ 2,365,619	\$ 2,324,244	\$ 2,361,149	\$ 2,316,847	\$ 2,386,939
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.31%	147.08%	54.91%	44.35%	45.79%	16.69%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>Public Employee Pension Plan - Weed & Pest Control:</u>						
Proportion of the net pension liability	0.00924750%	0.00843000%	0.00772000%	0.01043000%	0.00996000%	0.01072000%
Proportionate share of the net pension liability	\$ 217,309	\$ 256,669	\$ 176,019	\$ 252,258	\$ 231,903	\$ 189,237
Covered employee payroll	\$ 160,741	\$ 146,796	\$ 136,322	\$ 173,135	\$ 154,922	\$ 168,330
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.19%	174.85%	129.12%	145.70%	149.69%	112.42%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%
<u>Public Employee Pension Plan - County Library:</u>						
Proportion of the net pension liability	0.01478540%	0.01506000%	0.01448000%	0.01758000%	0.02218000%	0.02285000%
Proportionate share of the net pension liability	\$ 347,446	\$ 458,356	\$ 329,994	\$ 424,883	\$ 513,574	\$ 403,312
Covered employee payroll	\$ 257,002	\$ 262,248	\$ 252,148	\$ 291,615	\$ 343,092	\$ 358,688
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.19%	174.78%	130.87%	145.70%	149.69%	112.44%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%

CARBON COUNTY
SCHEDULE OF CONTRIBUTIONS

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
<u>Public Employee Pension Plan:</u>						
Contractually required contribution	\$ 712,326	\$ 668,973	\$ 580,081	\$ 595,673	\$ 603,915	\$ 626,646
Contributions in relation to the contractually required contribution	<u>712,326</u>	<u>668,973</u>	<u>580,081</u>	<u>595,673</u>	<u>603,915</u>	<u>626,646</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,042,713	\$ 3,925,898	\$ 3,490,259	\$ 3,584,073	\$ 3,633,664	\$ 3,948,620
Contributions as a percentage of covered employee payroll	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%
<u>Law Enforcement Pension Plan:</u>						
Contractually required contribution	\$ 433,530	\$ 406,887	\$ 402,196	\$ 388,163	\$ 377,322	\$ 410,554
Contributions in relation to the contractually required contribution	<u>433,530</u>	<u>406,887</u>	<u>402,196</u>	<u>388,163</u>	<u>377,322</u>	<u>410,554</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,520,523	\$ 2,365,622	\$ 2,338,349	\$ 2,256,762	\$ 2,193,733	\$ 2,386,942
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

CARBON COUNTY
SCHEDULE OF CONTRIBUTIONS
COMPONENT UNITS

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<u>Public Employee Pension Plan - Weed & Pest Control:</u>						
Contractually required contribution	\$ 30,305	\$ 26,553	\$ 20,986	\$ 26,894	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>30,305</u>	<u>26,553</u>	<u>20,986</u>	<u>26,894</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 171,992	\$ 155,827	\$ 126,270	\$ 161,817	\$ -	\$ -
Contributions as a percentage of covered employee payroll	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%
<u>Public Employee Pension Plan - County Library:</u>						
Contractually required contribution	\$ 45,693	\$ 45,535	\$ 40,657	\$ 39,369	\$ 66,236	\$ 63,115
Contributions in relation to the contractually required contribution	<u>45,693</u>	<u>45,535</u>	<u>40,657</u>	<u>39,369</u>	<u>66,236</u>	<u>63,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 259,325	\$ 267,224	\$ 244,627	\$ 236,877	\$ 398,532	\$ 397,700
Contributions as a percentage of covered employee payroll	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%

CARBON COUNTY
SCHEDULE OF THE OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Total OPEB liability	\$ 2,734,562	\$ 2,774,956
Covered employee payroll	\$ 4,375,614	\$ 4,506,883
Total OPEB liability as a percentage of covered employee payroll	62.50%	61.57%

NOTE: Only two years of information is currently available.

CARBON COUNTY
SCHEDULE OF CHANGES IN THE OPEB LIABILITY

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</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>

NOTE: Only two years of information is currently available.

CARBON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each major special revenue fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis except for instances in which capital assets are purchased through issuance of debt. Annual appropriated budgets are adopted for all governmental funds as required by state law. All annual appropriations lapse at fiscal year-end. The Board of County Commissioners may authorize increases to or uses of committed, assigned, or unassigned fund balances. In the budget presentation, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring and Compliance Related Matters

The budget is required to be prepared in a format acceptable to the Wyoming Department of Audit, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Prior to May 15, the County Clerk submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted prior to the third Monday in July to obtain public comments. The budget is adopted within 24 hours of the public hearing, or by the third Tuesday of July. The County expends funds only as authorized by the approved budget unless a departure from the budget is authorized by the Board of County Commissioners. State statute requires that County boards or officials shall not incur expenditures or encumbrances in excess of total appropriations of the County's general fund budget as adopted or subsequently amended. Only the Board of County Commissioners at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented is after all approved amendments.

Note 3 – Compliance Related Matters

The following funds exceeded budgeted expenditures: General Fund, County Roads Fund, and Impact Tax Fund.

Note 4 – Schedules of the Proportionate Share of the Net Pension Liability and Contributions

Generally accepted accounting standards require the presentation of 10 years of the County's proportionate share of the net pension liability and the County's annual contributions. Transition provisions in the accounting standard indicate that information should be presented for as many years as are available. The County determined that it is not practicable to provide information prior to 2014.

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Single Audit Reports

CARBON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract Number	Expenditures
<u>U.S. Department of Agriculture (DOA)</u>			
<i>Passed through State Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	None	\$ 1,438
Total DOA			<u>1,438</u>
<u>U.S. Department of Justice (DOJ)</u>			
<i>Passed through Wyoming Department of Justice:</i>			
Victim Assistance Services Grant	16.575	None	416
Violence Against Woman Grant - Prosecutions	16.588	VAWA 18-19	1,606
Violence Against Woman Grant - Prosecutions	16.588	VAWA 19-20	19,072
Victims of Crime Act Grant	16.588	VOCA 19-20	<u>15,068</u>
Total DOJ			<u>36,162</u>
<u>Department of Transportation (DOT)</u>			
<i>Passed through Wyoming Department of Transportation:</i>			
Airport Improvement Program	20.106	Repair	429,694
Airport Improvement Program	20.106	Master Plan	270,045
<i>Highway Planning and Construction Cluster</i>			
CMAQ Air Quality Education & Outreach	20.205	CMAQ FY 20	<u>120,429</u>
Total DOT			<u>820,168</u>
<u>Health and Human Services (HHS)</u>			
<i>Passed through Wyoming Department of Health:</i>			
Public Health Emergency Preparedness - County Health Nurse	93.069	None	77,373
Community Services Block Grant	93.569	None	2,467
National Bioterrorism Hospital Preparedness - County Coroner	93.889	None	34,048
HIV Care Formula Grant	93.917	None	330
Public Health Prevention	93.959	None	60,566
<i>Passed through Wyoming Department of Family Services:</i>			
Temporary Assistance for Needy Families Cluster	93.558	None	<u>75,355</u>
Total HHS			<u>250,139</u>
<u>Department of Homeland Security (DHS)</u>			
<i>Passed through Wyoming Office of Homeland Security:</i>			
Homeland Security Cluster:			
Homeland Security	97.067	None	<u>47,371</u>
Total DHS			<u>47,371</u>
Total Expenditures of Federal Awards			<u>\$ 1,155,278</u>

CARBON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is provided in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Significant Accounting Policies

Basis of Accounting

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

CFDA Numbers

Title 2 U.S. *Code of Federal Regulations* Part 200 requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

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

Indirect Costs

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



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

To the Board of County Commissioners
Carbon County
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, Wyoming (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2021. Our report includes a reference to other auditors who audited the financial statements of Carbon County Weed and Pest Control District (a discretely presented component unit) and the Memorial Hospital of Carbon County (a discretely presented component unit), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County'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.



JONES SIMKINS LLC

Logan, Utah

May 27, 2021



Certified Public Accountants

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

To the Board of County Commissioners
Carbon County
Rawlins, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Carbon County, Wyoming, Wyoming's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jones Simkins LLC

JONES SIMKINS LLC

Logan, Utah

May 27, 2021

CARBON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

A. Summary of Audit Findings:

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weaknesses identified: | Yes – Two |
| • Significant deficiencies identified that were note considered to be material weaknesses: | None reported |
| 3. Non-compliance material to financial statements noted: | No |

Federal Awards

- | | |
|---|---|
| 4. Internal control over major programs: | |
| • Material weaknesses identified: | No |
| • Significant deficiencies identified that were not considered to be material weaknesses: | None reported |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | None |
| 7. Federal programs tested as major programs: | Airport Improvement Program
CFDA #20.106 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualification as high or low risk: | High |

CARBON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

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

Finding 2020-001

Criteria: Internal control standards adopted by the GAO expect that management or employees, in the normal course of performing their assigned functions, will prevent or detect misstatements in account balances prior to being reported in the financial statements.

Condition: Material auditor-proposed adjustments were required to make the financial statements and associated supplementary information conform to generally accepted accounting principles.

Cause: Reconciliations of certain account balances and a secondary review of these reconciliations are not being performed on a regular basis. As a result, preliminary trial balance amounts did not report and disclose all balances and transactions in accordance with generally accepted accounting principles.

Effect: The County has a material weakness in internal controls with respect to reconciliation of account balances and the accurate recording, reporting, and disclosure of transactions and balances in accordance with Generally Accepted Accounting Principles.

Recommendation: County management should implement procedures to ensure all material accounts are being regularly reconciled.

Finding 2020-002

Criteria: Internal control standards adopted by the GAO expect that those charged with governance and management will identify the proper reporting entity including the component units that must be included in the financial statements.

Condition: The County in prior years has not evaluated and included all of the required component units in its financial statements.

Cause: Management did not have a sufficient understanding of how a financial reporting entity is to be determined and did not obtain sufficient consulting to make the proper determination.

Effect: The County has not properly included all of the required component units in its financial statements.

Recommendation: County management should seek consulting from qualified sources on complex accounting matters. Key management personnel should continue improve their understanding of financial reporting through continued professional education.

CARBON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

- C. Findings and questioned costs related to federal awards required to be reported in accordance with the Uniform Guidance

None

CARBON COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(Client Submitted Document)
Year Ended June 30, 2019

Finding 2019-001

Status: The County hired an external Certified Public Accounting firm to assist when needed with bank reconciliations in the Treasurer's office. County management continues to emphasize the importance of timely bank reconciliations.

Finding 2019-002

The County hired an external Certified Public Accounting firm to those charged with financial reporting responsibilities. County management believes that their experience along with the ability to consult with another Certified Public Accounting firm regarding financial reporting matters gives the County sufficient expertise to take responsibility for the County's financial statements prepared in accordance with Generally Accepted Accounting Principles.

Finding 2019-003

The Carbon County Treasurer implemented a system to track collection and remittance of payments along with detail concerning the source of funds to other governmental entities. The process continues to be evaluated and refined as necessary.

CARBON COUNTY
CORRECTIVE ACTION PLAN
(Client Submitted Document)
Year Ended June 30, 2020

Carbon County respectfully submits the following corrective action plan for the year ended June 30, 2020:

The findings from the schedule of findings and questioned costs are addressed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Findings – Financial Statement Audit

Response to finding 2020-001

The County will consider ways and develop schedules so that all material financial statement accounts are reconciled on a regular basis. The County will also continue to improve its ability to record transactions in accordance with Generally Accepted Accounting Principles and prepare accurate trial balances and Schedule of Expenditures of Federal Awards independent of the auditors.

Response to finding 2020-002

The County has made significant progress in identifying appropriate resources to use when consultation is needed on more complex accounting matters. The County will also consider ways in which additional training might be received by key personnel responsible for financial reporting.